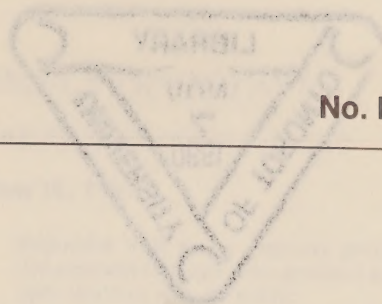




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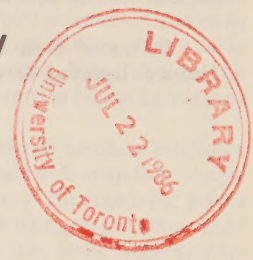


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Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Monday, June 16, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, June 16, 1986

The committee met at 5:28 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

The Vice-Chairman: I call the committee to order to examine the estimates of the Ministry of the Environment. I will call upon the minister to give his opening statement.

Hon. Mr. Bradley: This is my first opportunity to participate in estimates as a minister. I have participated on many occasions during the past nine years as a member of the opposition, but this is a new experience for me, and one I look forward to.

Before I actually deal in a formal sense with my statement, I will indicate that, although no one on the committee is ever going to believe this, I see this as an opportunity to benefit from your input, to accept some of your advice on various policy matters and to provide whatever information you seek. I am one of those people who believe that not all the wisdom resides in either my mind or the minds of the government members but is spread across the province. For that reason, the suggestions you have will be extremely helpful to me.

I came to this ministry almost a year ago with a good deal of optimism and enthusiasm. I am pleased to report that experience has not extinguished those feelings. Although some programs are taking longer to implement than I would like, we have made several important accomplishments to date and retained an eagerness to continue with important environmental initiatives.

On taking office, I identified three fundamental challenges: first, to oversee significant reductions in ongoing pollution, resulting in concrete improvements in Great Lakes water quality and acid rain damage; second, to see to it that the ministry itself more accurately reflects our citizens' demands for vigorous environmental action; and finally, to build bridges between this ministry and the people it serves, restoring public confidence in our work.

Quite early I found I had the staff to do the job. The ministry had many technically capable and motivated people looking for the opportunity to show what they could do. Our people in the field

responded well to the Peterson government's commitment to tough environmental action and open dealings with the public.

One of the things the people of Ontario are getting now from this ministry that they sometimes did not get in the past is prompt, complete disclosure of the myriad of information—some seemingly abstract, some awaited with keen interest—that my ministry generates. Good news or bad news, we are committed to getting it out as soon as it can be processed. This is essential for all of us if the public's trust in the ministry is to be rebuilt.

We have established a no-nonsense disclosure policy and done our best to live up to it. People are responding positively. They can sense when a government agency is trying to kid them, and I am happy to find that they know when they are being dealt a hand off the top of the deck, too.

In our first year we have cleared much of the clutter left by my predecessors. The Ontario Waste Management Corp., for example, had been exempted from the normal provisions of the Environmental Assessment Act. Instead, an ad hoc special hearing panel was set up for public review of the proposed facilities, even though Don Chant, the environmentalist chosen to head the OWMC, said he regretted the decision to exempt the project from full environmental assessment.

After the change of government we were in a position to right a long-standing wrong and dispel the cloud of South Cayuga that hovered over the OWMC's activities. Within a few weeks of taking office I cancelled the exemption from the Environmental Assessment Act, imposed arbitrarily on the OWMC.

The planning program that the OWMC has under way fits right into the environmental assessment process. At the same time, full environmental assessment will improve the quality of the approvals process for these facilities and, ultimately, the quality of the facilities themselves.

Environmental assessment allows the OWMC proposals to benefit from the expertise in my ministry and other government ministries: experienced people who routinely review and comment on other significant projects undergoing environmental assessment. My ministry's envi-

ronmental assessment staff and the Environmental Assessment Board are experienced in processing assessment documents and are in a better position to ensure an efficient, yet thorough, process of full public environmental review of the OWMC proposals. Ontario's showcase hazardous and liquid industrial waste treatment facilities are important. They deserve the best in planning and the best in public review, and both of these are available through the environmental assessment process.

In another departure from the past, with the support of the Premier (Mr. Peterson) and the cabinet, I turned around this ministry's declining funding support. Previously, the budget had declined steadily over the years from \$346 million in 1982-83 to \$312 million in 1984-85. Upon assuming power, our government increased the budget to \$344 million for 1985-86. I am pleased to inform you that the 1986-87 budget will again be increased, this time to \$361 million. The increased funding gives my ministry the flexibility to solve problems that were left to hang for so many years, although I should add that I recognize that not all of the problems in the environmental field can be solved simply with funds.

Another task we turned to early was cleaning up Ontario's acid gas polluters. Not only was it the right thing to do for ourselves, it was a prerequisite for being able to take our case for complementary abatement to the United States. Half of Ontario's acid rain problem originates in the United States, which is more than we dump on ourselves.

The Peterson government took prompt, strong action to reduce sulphur dioxide emissions, the boldest initiative against acid-rain-causing emissions ever undertaken by any government in North America. This action is called Countdown Acid Rain, and it is already in effect. The bottom line of the program is a nine-year, 67 per cent reduction in emissions by Ontario's four main sulphur dioxide polluters.

Inco, Ontario Hydro, Falconbridge and Algoma Steel are the four sulphur dioxide sources receiving most attention from the program. Because these corporations produce almost 80 per cent of the sulphur dioxide emissions originating in Ontario, I believe this to be an effective initiative, one that will produce benefits not only for Ontario's lakes, streams, forests and historic buildings but also for Quebec and the northeastern United States.

We believe this program is tough and realistic. It requires individualized responses from each of

the four corporations based on their past achievements in emission control, their ability to achieve greater reductions, available pollution control technologies and our own goals for Ontario to achieve the lowest possible levels of sulphur dioxide emissions. While the program calls for significant emission reductions, it does so within a realistic time frame, cognizant of the problems that will be faced in achieving the emission limits. I believe this firm but balanced approach is what has won the program such widespread support.

Countdown Acid Rain called on each of the four major polluters to report every six months on its progress in working out detailed technical plans to meet the lower limits. By the end of 1988 this process will be complete, and the proper abatement plans must be submitted to the ministry. We will be receiving the first of these semi-annual progress reports by the end of July.

The prospects for action south of the border are mixed. Acceptance of the envoys' report by President Reagan signalled the smallest of steps forward. Now he accepts that acid rain exists, that it crosses borders and that it causes damage. The President may or may not be able to deliver on his promise to fund half of a \$5-billion program to develop new abatement technology. This is a false issue. While it is fine for US polluters to seek cheaper ways to clean up, what is called for is a program of significant cuts in US acid gas pollution.

Prospects for that sort of action seem better in the US Congress than at the White House. A good abatement bill with numerous co-sponsors has been voted out of a key House subcommittee, where such legislation had been bottled up for years. We are following the bill with interest, and I have spoken with many of the key players in Washington.

On July 5 of last year, just nine days after I was sworn in as Minister of the Environment, I announced the proclamation of part IX of the Environmental Protection Act and set a November 29, 1985, deadline for full implementation of this legislation. That was a tight timetable for action on legislation that had lain idle for five and a half years under the previous administration. The people of Ontario had already waited too long for this protection. It was proclaimed on that date despite, I can assure you, very intense lobbying.

There is no doubt that it provides a much higher level of environmental security and protection for those who will be affected by spills by providing for immediate cleanup and restora-

tion of the environment and a proper and timely compensation for third-party victims of spills. The responsibility for immediate cleanup and restoration by the spiller and/or the owner of the spilled substance is absolute. For the victims we created the Environmental Compensation Corp. It will determine eligibility and establish the amount of compensation. The chairman is Marjory Loveys, a past director of Pollution Probe.

5:40 p.m.

To further ensure immediate cleanup of dangerous spills or historic contaminant situations, our government introduced a \$10-million environmental security fund. While this fund is vital to our ability to deal effectively with spills, it does not let shippers, handlers and owners of spilled or leaked contaminants off the hook for cleanup costs. Instead, it allows us a head start on emergency cleanups, leaving plenty of time to see to it that the polluter pays his full share.

But cleanup, no matter how fast or thorough, is no solution for dealing with toxic substances. We have therefore tightened our control over the entire lifespan of hazardous chemicals, from their creation to their final disposal. Ontario's waste-handling regulation 309 has been amended to provide detailed information about production, shipping, receiving and disposal of hauled liquid industrial waste.

The amendments require the phasing in of a computerized tracking system to monitor all types of hazardous and liquid industrial waste from their creation to their use and final disposal. The tracking works on a strict system of waybill requirements and registration of all those who generate hazardous and liquid industrial waste. It tells us what waste is being created, transported and received; where, by whom and how much. Our system works like a high-beam searchlight. Toxic waste can no longer disappear from our scrutiny to escape proper disposal.

In April the polychlorinated biphenyl mobile facility regulation was gazetted. This followed more than a year-long public consultation process to develop a regulation that would facilitate and strictly govern the operation of mobile PCB destruction units in Ontario. The regulation will provide clear ground rules to ensure safe and effective operation and control of destruction facilities.

The certificates of approval, based on thorough evaluation of the actual treatment equipment, will ensure that approved equipment can do the job. The communities in which PCBs require treatment will have a voice in the

decision. The Ministry of the Environment will continue to inspect PCB waste storage and spill sites, will provide full-time inspection of any PCB incineration and will supervise other destruction operations.

This four-part action plan is based on recommendations from the inquiry of the Commission on the Regulatory Control of Mobile PCB Destruction Facilities, following six months of public hearings. However, it went beyond the recommendations of that commission in one key area. The commission recommended against site-specific public hearings for PCB destruction. However, cabinet reconsidered the matter. It agreed that it could not countenance denying the public's right to be heard when PCB destruction is proposed in their community.

As a result, all PCB incineration proposals will have two levels of public review. First, a public hearing will be required under the Environmental Protection Act on the technology to be used, the actual incinerator. Second, a site-specific hearing under that act will be required to ensure the suitability of any location and procedure proposed for incineration. In some instances—for example, the initial application for the first PCB burn—these two hearings may be combined into one.

There are two other classes of treatment systems that will be applied to low-level PCB contamination in oils. A class 2 system will provide chemical destruction of PCB contamination without incineration and with no dangerous byproducts. A class 3 system will be connected to a transformer containing PCB-contaminated oil to drain and chemically destroy those PCBs and return purified oil to productive use. This, too, can be done without hazardous byproducts.

Ministry staff are now able to process applications that should result in certificates of approval for both of these types of systems. In fact, these treatment systems for low-level waste will probably be available for operation first. You need have no fear that even these will move in under cover of darkness to deal with a PCB problem and move on unnoticed. The proposal submitted by the ministry to the commission recommended a number of measures to ensure public awareness and to involve the community in any application of this technology. These have been improved and adopted both by the commission and by my government. I must stress that my ministry does not plan to be the proponent or driving force for these treatment facilities at any specific location, except under unusual or urgent circumstances.

Drinking water quality is perhaps the issue of most concern to the public. In response to this and our own desire for good water quality information, we have strengthened and expanded our drinking water surveillance program. It now provides a more comprehensive database for the development, assessment and control of drinking water sources, supplies and quality. Our drinking water surveillance program routinely looks for a total of 109 possible contaminants, including pesticides, inorganic compounds and 64 organic compounds. We are developing a way to get the massive amounts of information this program will generate to the public in a meaningful and concise form.

Soon after our government was elected, problems surfaced in the St. Clair River area. The Dow Chemical spill of perchloroethylene into the river and the discovery of dioxins in the so-called blob on the river bed raised fears about drinking water quality in communities downstream. As a little aside about the blob, everyone gave up calling it something other than a "blob." They called it "blobettes" and "oily mass on the bottom." It was one of those circumstances where everyone decided it was a "blob". So be it. We will refer to it in that fashion.

We immediately expanded our drinking water surveillance program to include a total of seven water treatment plants in the St. Clair River area. In response to the specific requirements of this situation, a dioxin testing component was added to the program. All tests showed that drinking water quality in all seven locations met our provincial, federal and international health guidelines. Low levels of dioxin and other contaminants were found in treated water in some locations. While these levels were within health-related guidelines set by medical and toxicology experts, we are continuing our efforts to enhance drinking water quality in Ontario, and I will not be satisfied until these substances are gone from our waterways and thus from our drinking water. We are investigating methods of getting the best performance from treatment methods as well as examining alternative treatment methods.

But there is more to water quality than drinking water standards. In keeping with our goal to rid the environment of persistent toxic substances, and undertake a real cleanup of our Great Lakes, lakes, rivers and streams, we are developing a program that, for the first time, goes to the very root of the problem—stopping pollution at the source. We are working together with affected industries and municipalities to

establish strict controls over discharges into water bodies and to limit total loadings into a waterway.

This is a landmark initiative in our program to end contamination of our waters. I hope to have a more detailed plan in the hands of members shortly. Dilution is no longer the solution. No matter how large and self-cleansing our lakes may seem, they cannot absorb contamination indefinitely. The solution lies in stopping the pollution at the source.

After years of ineffectual vacillation, the pop container regulation issue was still unresolved when I took office. Believe me, when I listened to the various parties on this particular issue, I understood why it had been that long in finding a solution. Within the first six months of assuming power, I introduced and the cabinet approved new pop container regulations. Under the new regulations, aluminum cans will be allowed on the market September 1, 1987. This delay will give the Hamilton steel industry time to adapt. Forty per cent of the pop containers on shelves will have to be refillable bottles. Sixty per cent will be divided among steel and plastic containers, and aluminum in 1987. No nonrefillable containers will be permitted unless they can be recycled. Recyclable containers must be collected through multi-material separation programs.

5:50 p.m.

In addition, our policy requires that these containers be collected in multi-material programs. We are not just talking about returning pop cans and bottles. Multi-material is defined as three or more materials, one of which must be newsprint. Pop containers are a new product line which will flow through the recycling systems you people here today are involved with. This product line will generate new revenue for recycling program operators.

Our substantial increase in provincial funding will be directed to municipalities to support the establishment and expansion of source separation and collection programs. I expect industries, in particular those industries involved in soft drinks, will contribute substantially to recycling under this new policy. To promote, guide and nurture our policy, the new recycling council office was located in Hamilton. As the program gathers steam, we can expect some 1,400 new jobs to be created in the recycling industry. In addition, new employment will be created in making the new plastic and plastic-coated glass recyclable bottles.

The new Recycling Advisory Committee plays a vital role. The new group advises me on

the progress of recycling soft drink containers, ways of measuring market share and recycling performance, and ideas for enhancing recycling programs. Initially, through Nielsen market survey reports and other data collected by the ministry, this committee will monitor market share of each distributor's various containers, refillable or nonrefillable. It will also evaluate recycling rates based on distribution figures and the reports from recycling program operators.

To encourage recycling of materials beyond soft drink containers, equivalent recycling credit will be allowed for cans and bottles from other food products. The committee consists of representatives from government, industry, labour and community groups.

Recently, researchers have begun to warn us of new problems they are starting to identify and study. Toxic rain, which appears to threaten forests, crop lands and lakes and which may be the major avenue by which hazardous contaminants are distributed widely from their sources, has been the object of much recent discussion.

The contamination of our food chain is also being studied, both inside and outside my ministry. Although this is clearly a problem whose dimensions have yet to be determined, it is a phenomenon which must be faced. Airborne deposition is thought to be the source of this contamination, and an updated air pollution control regulation is our first line of defence in this matter.

Early in 1983, the Ministry of the Environment began a review of its air management program. Its purpose was to review and update ministry guidelines and policies to ensure better management of the quality of the air in Ontario. The general air quality program came into operation in 1968. Since then, it has concerned itself with the collection of data and the detailed inspection of sources of air emissions across the province. The ministry monitors a wide range of contaminants in literally thousands of Ontario locations, and in some cases, this work has been supplemented by voluntary or required monitoring by industry.

The ministry also works with industry and municipalities to develop programs to modernize equipment, install controls and upgrade house-keeping operations so that pollution discharges can be reduced. There are both negotiated programs and formal requirements set out in control orders and specific regulations. These programs have produced tangible results.

Since 1970, the atmospheric levels of sulphur dioxide in downtown Toronto have been reduced

by 94 per cent. Carbon monoxide has been decreased by 56 per cent. Suspended particulate levels in the same period have dropped 50 per cent. In Hamilton, suspended particulate matter, the area's major pollutant, has decreased by 58 per cent, mainly as a result of the abatement of emissions by the steel industry. The highest degrees of improvement were obtained closest to the steel plants. In Sudbury, Sarnia and Windsor, air pollution control programs have eliminated 75 to 80 per cent of the airborne sulphur dioxide from the air of these cities.

The implementation of these programs is a long and gradual process and the end results do not come quickly. It costs money. Air quality in Ontario has required an estimated \$3 billion in industrial spending on pollution control equipment, but it has been worth it.

While it is true that over the last 15 years Ontario has had an impressive record of air pollution control, I became concerned, in opposition, that there was a perceptible loss of momentum in this progress. We need to change our air management philosophy in order to meet the needs of these present times. The philosophy built into the original regulation 308 was a philosophy of the late 1960s and early 1970s. The so-called point of impingement approach was favoured. It was a philosophy of effect. It took into account the transportation and dispersion of emissions from the source.

In those days, it was a fair approach to pollution control, fair to industry and fair to the people of Ontario. As I have already indicated, it produced some positive results, but it offers our environment no protection against long-range transportation of air pollutants or long-term deposition of contaminants from the air, and it does not recognize the problem of fugitive emissions from plant areas such as coal piles or road dust. The present regulation 308 also fails to adequately deal with the emission into the environment of a host of complex organic chemicals.

On the practical side, the point of impingement philosophy was the central feature to the criteria available to the ministry for granting certificates of approval for the construction of plants in the province. In other words, depending on the results of the calculation of the concentration at the point of impingement, permission would or would not be granted. Once built, however, an industry's emissions entered the real world, and further controls were sometimes required for the protection of the community.

In the last 20 years, research has given us a much more scientific and accurate understanding of the causes and effects of air pollution. Advances have been made in the technology of pollution control. We have developed computerized models which are more sophisticated and more appropriate to tackling our current pollution problems. These are models which have been tried and tested in the field. These models are capable of coping with local conditions such as topography, meteorology and land use.

In addition, long-range transport of contaminants such as acid rain, toxic chemicals and ozone is a threat to our environment. This, as members know, is an international problem, but we in Ontario must continue to work to decrease the province's contribution to it, and we will.

Also, we hope to broaden the scope and terms of reference for the certificates of approval issued to industry by the ministry. Not only should they cover proper plant construction, but they should also require the satisfactory maintenance of equipment for pollution control, and records relating to their operation and repair must be kept up to date.

From my perspective, the days of using the air as an unbound waste disposal site are rapidly coming to an end. Our stacks are, in effect, waste disposal systems, and we have to provide a better and tougher regulatory framework to deal with that fact.

Another area I would like to touch on is our action in the Niagara River area. Late last summer, I told all Canadian sources of Niagara River pollution to clean up and to do so quickly. I have pressed my United States counterparts to demand similar action from polluters on their side of the river, where the problem is much more severe.

We will not be placated with short-term pseudo-solutions. Dioxins at high levels have been detected at several dump sites on the US side of the river. We are demanding excavation and destruction of the contaminated material. Our latest effort at solving the problem includes negotiations for a four-party Niagara River action plan, committing both federal governments as well as New York and Ontario to a cleanup program. This process is moving ahead in fits and starts, but I still think it is the best way to get a handle on the situation.

6 p.m.

To help protect Ontario's waterways, a multi-year program that will allow Ontario to move ahead on much-needed rehabilitation of our ageing water-related infrastructure is also called

for. The needed strategy should include municipal pollution control plants to deal with multi-source pollution, rehabilitation of municipal water and sewage systems, sewer separation, combined sewer overflow control and storm water treatment.

It should incorporate and further develop our beach water protection plans to promote clean, aesthetically appealing recreational waters for both swimming and fishing across Ontario. We are negotiating with the federal government for long-term funding assistance for needed capital works included in this multibillion-dollar project.

The price tag is high, but not half as high as it will be if we allow our water and sewage systems to age beyond repair. In the worst case, potential problems can include drinking water contaminated by deteriorating water mains and lakes polluted beyond use by overloaded sewage treatment plants. Ministry of the Environment studies show that Ontario's \$30-billion investment in underground sewage and water distribution systems needs attention now if we are to avoid a crisis down the road.

This job requires multilevel government co-operation. I hope Ottawa will join with Ontario to preserve the water-related systems we built together for the people of this province. Given this past historical commitment, the potential health risks and the transboundary nature of Ontario waterways, I am sure they will want to participate in this important and timely project.

In another initiative, we are ensuring that our legislation and regulation has the desired effect on polluters by strengthening our enforcement capabilities and developing tougher penalties. I brought the ministry's investigations and enforcement branch up to its full 63-person operating level. This will provide additional incentive to play by the rules for those who previously may have been tempted to cheat because we did not have the resources to catch them.

Existing fines and penalties make it cheaper to pollute and pay the fine than to bring an operation into compliance. By imposing much higher fine limits, we will ensure that fines are no longer shrugged off as licences to pollute. My proposals will include the provision of jail terms for serious pollution offenders. In addition, I will be preparing two separate fine structures; one for individual offenders and a second, with heavier penalties, for corporate offenders.

My staff is also investigating the means by which we can strip a polluter of financial gains

made by breaking our environmental laws. As an aside, I suspect as much support for this will come from industries that have spent thousands and millions of dollars to comply with Ontario's laws as it will from the general population, since the industry down the street operating the same business gains a competitive advantage by breaking the law. I suspect there will be considerable support for that, even in the corporate sector.

With the long-range planning in our air and water quality programs and our moves to strengthen our enforcement and penalty structures, I believe we have demonstrated both to concerned citizens and polluters that we mean business. This government does have the political will necessary to meet the challenge of Ontario's pollution problems. Our programs have demanded strong and steady input from the public. This open approach to government, coupled with solid environmental performance, is the key to meeting the challenge of enhancing the public's confidence in this ministry.

We are taking specific measures to prove and improve the process of consultation. It has always struck me as unfair that major public and private sector participants in environmental hearings have substantial resources while ordinary citizens, the people these hearings are designed to protect, have not. The individuals or community groups who want expert technical or legal assistance have to raise their own funds. They are at a disadvantage. In addition, the hearing loses its value. We do not get the full benefit of the participation of these groups.

I intend to correct this situation and provide some balance in the resources available to participants in environmental hearings. I propose to set aside funds in my budget for the environmental assessment board to provide to interveners. Until a regular policy is adopted, my ministry has reviewed intervenor funding requests on a case-by-case basis and made several awards. I believe public involvement and understanding of the issues is the underpinning of all we do in this ministry. With public support, we are able to take the tough stands necessary to protect this province and stem the tide of environmental degradation.

I will conclude my formal remarks now, in the knowledge that the committee will direct discussion to some of the issues I have not yet addressed and some of the issues I have discussed. In this regard, so that the members of the committee may glean information from them, I have with me several members of the Ministry of the

Environment staff, led by Deputy Minister of the Environment Rod McLeod on my immediate left.

Also in attendance—and we will have a number of these people available from time to time—we have the associate deputy minister, Walter Giles, who is in charge of intergovernmental relations and strategic projects; Dennis Caplice, assistant deputy minister in charge of operations; Dr. David Balsillie, assistant deputy minister in charge of environmental services; C. E. McIntyre, director of project engineering and approvals; Geoff Higham, executive director of finance and administration; André Castel, executive co-ordinator of corporate policy and planning; Neil Mulvaney, director of legal services; Jim Jackson, assistant director of legal services; David Guscott, executive assistant to the deputy minister; Jim Merritt, executive assistant to the assistant deputy minister of operations, and Tony Burlachenko, our senior analyst in the field of policy. All these people are from the Ministry of the Environment.

In addition to that, some of the staff from my office are here today: Mark Rudolph, executive assistant; Gary Gallon, a special assistant and policy adviser; David Oved, a special assistant with specific requirements in the field of communications, and Ron Hoffmann, with whom many of you deal as members of this committee and of the Legislature in providing assistance with problems that arise in your individual ridings as well as other matters.

As well, I indicated privately to some of you that people who might be outside the ministry but within our purview—for example, Dr. Donald Chant—can be called before the committee to be questioned. Dr. Chant did appear last year. I know that my friend and colleague the member for Lincoln (Mr. Andrewes), who has a special interest in the activities of the Ontario Waste Management Corp., would no doubt be in a position and have a desire to direct questions to Dr. Chant. I want to be able to accommodate Mr. Andrewes in that regard.

In conclusion, I would say two things, and repeat something I said at the beginning. Although we are all politicians, and no one ever believes what we say to one another from time to time, I do consider the estimates process, as far as the ministry is concerned, an area in which I can gain some of your thoughts on how we should be operating the ministry, some of the policy directions you feel we should be following and, frankly, a number of issues you might raise

that may not have come to mind in my role as Minister of the Environment.

I consider it a positive process. I look forward to your input and I invite you to take an opportunity you do not often have: to question not only the minister, as you do on most occasions, but also to question various members of the staff of the Ministry of the Environment on a direct basis. That is also healthy for the system.

Thank you for your kind attention. I understand that I have not taken as long as some ministers have in the past. I believe one minister began with a very long dissertation. However, the real meaning of the estimates will come from your statements as the opposition critics and the input you will have in directing questions to me and to members of the staff.

6:10 p.m.

The Vice-Chairman: Seeing that we have 20 minutes left, I would like to confer with the critics of the other two parties and see what they would like to do as a next step.

Ms. Fish: I am at the committee's direction. I am happy to proceed. I suggest one small procedural point. The minister kindly offered to have external representatives available at committee. Does the committee wish to schedule time for that?

Hon. Mr. Bradley: That is a good suggestion.

Ms. Fish: It was indicated to me earlier that it would be helpful, at least in the case of Dr. Chant. I am sure my colleague Mr. Andrewes would be interested in pursuing discussions with him, but he is our Health critic and is currently involved in the House discussions on Bill 94. He will not be able to attend this committee while the House deals with that bill. That may not affect us particularly.

Hon. Mr. Bradley: The suggestion of the member for St. George that we attempt to schedule it in such a way as to have people here is an excellent one. Dr. Chant will appear at the request and direction of the committee. He will accommodate his schedule to meet the requirements of members of the committee, including Mr. Andrewes.

Ms. Fish: Unless my colleague the member for Lakeshore (Mrs. Grier) has a preference, could we come back to this on Wednesday or Thursday? Is that agreeable?

Hon. Mr. Bradley: Good idea.

Ms. Fish: I will start on my opening statement. I am delighted the minister has ensured that the bulk of the time available to us will be for questions. As I indicated to the

minister informally before coming in, most of my questions will be of a policy nature. With a couple of exceptions, I suspect they will not require a very specific backup of staff unless there is a question of particular examples or illustrations to highlight or illuminate a policy.

Even though this is not formal procedure, perhaps it is useful to indicate this off the top. I will have a number of questions on interpretation and other matters relating to the regulations and statutes administered by the minister which may affect certain members of his legal staff. I will also have a number of questions surrounding chemicals, their handling, disposition and authority to use. I note that off the top and the minister may take that into account in the course of determining what staff should be on hand at any given time.

Let me begin. I share the ministry's interest in water writ broad; its quality for drinking, its availability and quality for recreation, its role in our environment broadly and the need to ensure its improvement and purity wherever possible. Flowing from that is the need not only to have a regular program of examining the water in this province but also to examine it from several perspectives. Drinking water has come most to the fore with the terribly disturbing findings of dioxin in treated drinking water in the fall of 1985.

The quality of our water and the distinction between well water and treated or drinking water in the two levels of testing has been a concern for some time. This is high-quality testing that improves as new techniques are found and as a new understanding and approaches are brought to bear on the question of testing.

The issue of what we test for is germane to the question of what we can then deal with by way of cleanup. It becomes very difficult to identify a chemical or a material found in water and direct that it not come in, whether it is a point source directly to the water, a deposition from air or whatever it might be, if one is not going to test for it in the first place. Of course, if you are testing, the question then becomes, what are you testing for, simple existence, or existence related to some standard or measure of what is acceptable and safe? From there, if one has a standard of acceptability or safety, what steps will be taken to control the particular chemical, material or substance that may be in the water?

I am put in mind, with your recent release of a report on the results of last year, of the testing that was undertaken so extensively during the past two or three summers for the presence of

alachlor in raw and drinking water. It serves as an interesting illustration. One tests because there is a concern about the agent appearing in the water. One is particularly concerned about its presence in drinking water. A very substantial program of backup and support was previously provided, and I infer from the report released recently that it continued to be provided last summer, should certain concentrations of alachlor be found within drinking water, well water in particular.

There is also the question of what happens in our recreational waters. I realize that the ministry undertook some testing in recreational areas, but I raise it as a subject to explore in policy and I would welcome an exploration of how that policy translates into the allocation of resources. What occurs when one finds agents such as alachlor in recreational water near the shores of a creek, a river, a waterway or a ponding area, a place where children might be playing and might find themselves, as children often do, consuming quantities of water that really is not intended for drinking and is not treated or tested in the same way as drinking water? None the less, as we know, on beaches all over this province, recreational waters get absorbed, and surely our focus of concern must be particularly on our young people.

Thus, the question of testing our water, what we are testing for, why we are testing and the types of water we are testing, is an area that I feel deserves very considerable exploration. By the way, I would particularly like to know in detail your intended testing for the remainder of this summer in comparison to last year's testing program, and particularly testing that has already occurred, if it has, in the May-June chemical application period within our agricultural community. That area has been the source of quite a bit of focus for testing, particularly for chemicals, within drinking and recreational water.

6:20 p.m.

I am also interested in the testing that might be done on those identified or suspected point sources for pollution and discharge into the Great Lakes system and its many tributaries. I hope we will have an opportunity to review what chemicals are being tested for there, the degree of accuracy of the tests, the extent to which the testing is looking at the layering or mixing of materials—

Hon. Mr. Bradley: When you started the sentence, what did you say? "In recreational waters?"

Ms. Fish: No. The Great Lakes system and its tributaries. I hope we can deal with the testing or

otherwise that might be undertaken at identified or suspected point sources of pollution.

I am most interested in knowing, for example, what identified point sources currently have regular testing, what suspected point sources currently have regular testing and what they are regularly being tested for, so that we can have a review and understanding of the network that, I trust, exists in providing us this sort of information.

That will take us fairly quickly—and the minister highlighted this in his opening remarks—into the question of water treatment, focusing particularly on the treatment of water to make it safe for human consumption and, of course, on the treatment of sewage particularly.

I note, for example, your focus on the expressed possible concern about the age of the infrastructure in the province for sewage treatment and your request to the federal government to provide support, grants, subventions, etc., to assist in upgrading. That is appropriate. Certainly the federal government came in far earlier than almost any province in this regard—almost, but not quite.

I wish particularly to explore the details of allocations by the province, what conditions those allocations might rest on, whether your requests to the federal government to enter into funding on water and sewage treatment upgrading are a condition of the flow of moneys in either of these areas to our municipalities, in particular, and generally the question of how much money has been allocated. Within that, of course, since you have noted a concern—on page 13 you give a figure of \$30 billion for investment in underground sewage and water treatment—about the age of that investment. I would be interested in understanding from you the percentage of work that you feel could be done within this year's budget by virtue of the allocation that has been provided—that is to say, some understanding of the scope of the need and how the particular allocation goes against that need.

I hope we can also explore the question of extraordinary intervention to deal with chemicals, whether they emanate from the sewage treatment system and are not caught or whether they are at the other end, coming in potentially through the drinking water system and not being caught. I would like to understand the relationship of the upgrading of municipal water and sewage expenditure and allocation to the identified need that you have pointed out to members of the Legislative Assembly in regard to particular, special, extraordinary—if I may use those

terms—steps to be taken to ensure we deal with either the release of chemicals going into the waterways or, in the reverse, those not being taken out of the waterways for drinking water.

If the regular allocations are not covering that, I would welcome understanding what is going to cover them and how the identified need that you have so aptly called to our attention is being dealt with in the course of the budget as provided. Finally, within that, I wish to look at the question of how we are dealing with our recreational waters. The Toronto beaches, it will come as no surprise to you, are of particular interest to me, but as well, there are a number of other beaches around the province.

Hon. Mr. Bradley: St. Catharines.

Ms. Fish: That is right. I know that is of particular interest to the minister. There are a number of others around the province, and I would welcome understanding the details of specific new dollars that have been placed during the 1985 summer season, the extent to which there was takeup and the numbers of beaches in question that are being covered.

This brings me back to the question of testing. Once more, the water at the beaches must be tested to ascertain whether there is a problem. That requires either a posting of the beach by the various medical officers of health or the taking of steps to deal with the quality of the water that proceeds in.

A second area I hope we can explore was touched on only in part in your opening statement, and that is the question of air. You touched upon acid rain and made reference to toxic rain, as it is coming to be called. Within the

category of acid rain, I am hoping to explore with you the nitrous oxide question within what I will call acid rain. I am not sure whether you want to classify that as acid rain or as toxic rain.

As well, there is the question of lead, particularly in the air: its sources, testing and directions for corrective action, how the various policy instruments available to you, in both dollar expenditures and regulatory enforcement, are being handled and what the time frame might be on that.

I have noted that I would also like to touch upon the question of what I will broadly call pesticides: the matter of their licensing; the procedures for review and the determination as to schedule, if they are licensed; the role of the Ministry of Agriculture and Food provincially in determining any such items to be licensed; the role of the Department of National Health and Welfare and of Agriculture Canada in reviewing pesticides, particularly the safety of handling them; and the degree to which there is a compatibility of direction among the several jurisdictions across the province in this area.

The chairman is looking at me. Are we out of time?

Hon. Mr. Bradley: You still have 35 seconds.

Mr. Chairman: I would appreciate a minute or two to discuss with members a brief scheduling problem.

Ms. Fish: That is fine, Mr. Chairman. I can continue on Wednesday.

The committee considered other business at 6:29 p.m.

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Laughren, F., Chairman (Nickel Belt NDP)

Ramsay, D., Vice-Chairman (Timiskaming NDP)

Witness:

From the Ministry of the Environment:

Bradley, Hon. J. J., Minister of the Environment (St. Catharines L)





No. R-2

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Wednesday, June 18, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON SOCIAL DEVELOPMENT

Wednesday, June 18, 1986

The committee met at 4:02 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

Mr. Chairman: When we adjourned on Monday afternoon last, I believe Ms. Fish was beginning her response to the minister's lead-off statement, which technically comes under the first vote.

Ms. Fish: Last day, I was finishing by expressing some areas I hope we will be able to explore on the question of pesticides and chemicals being used in the province. I had indicated my wish to explore an understanding of the pesticides licensed for use within the province that do not bear a Department of National Health and Welfare recommendation; specifically, whether they have a contra-recommendation from the department or simply no recommendation at all. In the latter case, I would like an understanding of whether that lack of recommendation derives from an outstanding request for further testing or whether health-related materials are to be submitted by the proponent or manufacturer of the product. I am particularly interested in those that were added by regulation to the list of licensed pesticides in the last year.

Within that, I hope we will be able to explore the different schedules to which the various pesticides have been directed, with some understanding of the reason for placing them within different schedules that deal, among other things, with the question of whether women of child-bearing years should handle the material.

Related in part to the question of pesticides, but moving more generally to the question of unwarranted chemicals within our environment, I would like to explore with the minister, and perhaps have the minister bring us up to date on, the status of the Canadian Centre for Toxicology with regard to the kind of testing that might be under way, the materials that are tested and the degree of participation by the public sector, the private sector and the university community in that centre. In particular, I would like some understanding of the materials that are now being studied to set a standard, for which standard

so-called safe consumption has not previously been set.

The trigger into this discussion is the very troubling, and I suggest contentious, question of the so-called interim safe standards for the consumption of dioxin, whether that is through drinking-water, fish or other foodstuffs or whether it is simply a question of exposure to the environment at large. In addition to some specific discussion around what testing was done and who established that standard, I would like to know how it relates to the three main ways one can be exposed to and absorb the particular noxious substance. As well, I hope we will be able to get to the question of the broad range of testing for noxious substances in the environment, with the specific goal in mind of the testing that may be done for the supposed safe levels, if indeed there are any genuinely safe levels, in some of these areas.

In particular, I hope we can correlate and have an understanding of the correlation between those substances that are being tested for the development of possible safe consumption against those substances for which we test in our water. This ties us back to what I am sure are now well over 100 substances that ministry officials test for in the water, with some understanding of what the levels are and what progress is being made on guidance on the question of safe levels.

I also would like to explore further the question of the relationship of food testing that is done by the Ministry of the Environment and the food testing that is under the aegis of the Ministry of Agriculture and Food. I realize there has been a division based upon the contaminant that is being tested for, but it raises in my mind a general question about chemical residue and contaminants in foodstuffs, not only those grown in Ontario but also those imported into this province and placed for sale.

That, in turn, brings me to the broader question of the relationship between the Ministry of the Environment—the ministry in whose estimates we are now engaged—and the Ministry of Agriculture and Food as it might relate to not only food testing but the general question of the policy frame to determine the degree to which our agricultural community will utilize chemical materials, whether they are in the form of

fertilizers or in pesticides and so forth. Also the relationship with the other ministries that, in different ways and from different perspectives, touch upon the issue of what we will allow to occur in this province, what we will allow to come in, to what we will expose our people and in what manner.

4:10 p.m.

I am thinking as well of the Ministry of Natural Resources and the issue of forest management and spraying, whether biological or chemical, and the Ministry of Energy and the most immediate question of nuclear waste. I believe the interministerial committee within the Ministry of Energy estimates some months ago was to have reported by now. It was indicated in those estimates that the interministerial committee would have reported by March or April on the matter of energy for waste, which we used to call watts for waste. I would like to know where that report is if the committee has reported, and if not, why not, etc., and about the Ministry of Citizenship and Culture with respect to programs of public information and identification of unique ecological areas necessary to the environmental health of the province. These all come together in setting a frame of activity for us, as well as a broad standard of action for individuals in their private and in their business pursuits, whether that is an industry, a small business or an informal activity, and is located in an urban area, a remote area, a resource or a rural area.

I hope we will understand the degree to which your ministry affords direct supporter action, and how it fits with the expenditures of your sister ministries whose activities directly affect the environment your ministry's officials are charged with protecting and preserving.

I also hope we can review the status of things that may not have been touched upon quite so recently. I noted you expressed in your statement, and I mentioned the other day, the concern about the very substantial investment in the water and sewage treatment infrastructure in this province. A related question is waste management, which quite properly brings to the fore the issue of landfill sites and dumps generally.

I would be most interested in some information to update us on the dump sites in this province, active and closed, and the proposed steps to deal with those where the standards we would apply today may be ones they could not meet. It may be a question of leachate travelling, for example, an overload, inadequate security or materials going out that are more toxic than we thought or before they had been identified as

suitable. It is the rather broad range of those issues which touch upon not only our citizens directly adjacent to such sites, who might be exposed to airborne material, but also those who take their drinking water from wells.

There is the question of whether there is a concern about any of the materials in such sites travelling to offsite locations in a fashion that would be dangerous or that might mirror in some small way the shared concern I believe we all have about the dump sites with which we are so horrifyingly familiar on the New York side of the Niagara River.

Hon. Mr. Bradley: Not to interrupt you after saying that, Ms. Fish, I notice there was yet another one, the Gratwick Riverside Park in the Tonawanda area of Buffalo. You may or may not be familiar with it. This is a great recreational park, supposedly, but when you go under the surface two or three feet, you have a toxic waste dump.

Ms. Fish: The minister has noted the type of situation that has been identified in New York. Unhappily, there is the concern that similar situations may exist here.

I am put in mind of the proposal for the Highway 401 water park, for example, where the area residents are opposing a proposal for an amusement site. Part of the expressed concern is a question they have raised as to whether there had previously been illegal toxic dumping on or near the site of that proposed water park. It raises in my mind a question that we explored in a most preliminary way in an exchange in the Legislature on the matter of another, rather well-known amusement proposal, the domed stadium in downtown Toronto. There was a question of environmental concern about a contaminant within the soil that may be disturbed by virtue of the construction of that amusement site or its integral, related and complementary nonamusement development in office and commercial, roadways and other infrastructure in the area.

This moves us to the next phase which is the question of environmental assessment and the policy that the minister and the ministry have and, of course, the government has with respect to identifying projects to be placed under environmental assessment. I hope we might be able to explore that at the policy level as well as receive some specific updating on the schedule to bring forward the promised amendments to place all proposals under environmental assessment.

I will pause there, having taken a bit of a run over the subject areas that I want to explore in the course of the votes in the estimates, and given

some indication, as I have gone through, of information that the minister may wish to have to hand when we get to these areas.

Mr. Chairman: Does the member for Lakeshore (Mrs. Grier) want to proceed now, or would she rather the minister responded to the member for St. George?

Mrs. Grier: It would probably make more sense for me to go and then the minister can respond to both of us. I suspect some of the things I will say cover the same ground that the member for St. George (Ms. Fish) has covered.

Mr. Chairman: Fine.

Mrs. Grier: Not having been through this process, I came in at our first meeting with not a great deal to say. Having heard the minister's opening statement, I find myself moved to make some comments on some of the things that he has said.

Hon. Mr. Bradley: That is the danger of the member having her statement two days after mine.

Mrs. Grier: It certainly is a benefit from my perspective.

No one would disagree with the fundamental challenges that the minister identifies and the targets that he has set himself. One rarely disagrees with what the minister has said. I have publicly commended him and have no hesitation in doing so now for the good intentions expressed in his speeches which I, in my role as critic, read. They are very worthy, if somewhat repetitive occasionally.

As I listened to his statement the other day, I was struck that I had heard some of the sentiments before and was conscious of that when I came to the sentence on page 9, "Pop containers are a new product line which will flow through the recycling systems you people here today are involved with." I am glad to note that something is being recycled in this province, even if it is only the minister's speeches.

Hon. Mr. Bradley: I did not think you would notice that.

4:20 p.m.

Mrs. Grier: The minister is certainly in a fortunate position in heading a ministry that has wide public support for action and for spending. The people of this province are not reluctant to see dollars placed in an effort to clean up the problems of the environment. I assume it is the job of the committee to ensure that the estimates contain sufficient funds to do the job, which is one all members of the House would support, and that the good intentions expressed by the minister

are backed up by the appropriate dollars and allocations.

In his statement, the minister talked about the increase in the budget over that of previous governments, but the relative importance of his ministry versus others does not appear to have changed significantly. Frankly, I do not think the spending he envisages in this year is commensurate with the amount of public support there is for doing a better job.

When I look over the actual spending in the estimates, I see that in this year's estimates we are talking about \$361 million, which, as the minister has pointed out, is an increase. In 1981-82, the spending was \$345 million, there were significant decreases in 1982-83, and then it began to rise slowly again in 1984, when the actuals were \$16 million over those of the year before.

However, when I compare the increases with the rate of inflation, I find that today's spending is \$74 million less in 1981-82 dollars than was actually spent in 1981-82. To me, that is not commensurate with the amount of support I think there is for action in this ministry. It represents a 17 per cent decline in actual spending from 1981-82.

Hon. Mr. Bradley: Does someone want to get the Treasurer (Mr. Nixon) from the House, please?

Mrs. Grier: I hope the minister will comment on that when he does his rebuttal.

I had previously raised the issue of the actual expenditures in 1985-86 being less than those that were authorized. The minister responded that in some cases, municipalities were not able to spend sufficiently to absorb the whole allocation. In the course of his remarks, I hope the minister will give us some more details about that and explain why, if that is the case, approval is not given earlier in the year so the municipalities can do the appropriate planning.

This is particularly true when I check with the briefing book. On page 15 is the very important vote on environmental control. Page 12 points out clearly that the estimates for 1986-87 are less than the authorized expenditures for 1985-86. The same thing happens again on page 20, under "Environmental approvals and technical support activity." I am sure there is an explanation, and I look forward to hearing it.

Getting back to the minister's statement to the committee, I appreciate the openness and the disclosure policy that has led to our having greater information about the ministry and about what is happening than was available in the past.

I welcome the opportunity to have a representative from the Ontario Waste Management Corp. here to answer some specific questions about that.

It is important to note at this point that while the mandate of the OWMC is very broad, a great deal of the energy seems to be concentrated on the development of one huge facility. Perhaps when we get into the details of the estimates for that operation, we can address whether the rest of the mandate is being sufficiently funded and allocations are going in the appropriate direction.

Hon. Mr. Bradley: In that regard, I had a brief discussion with Ms. Fish, and the indication was that Thursday, June 26, might be the best day for Dr. Chant, if that is agreeable with you.

Mrs. Grier: Thank you.

The minister makes much in his comments of the appropriateness of extending the environmental assessment process to the OWMC; I agree, but again I wonder whether the extension of that assessment process to other projects, which is obviously envisaged by the minister, is backed by the dollars to do the job. When I look at the amounts that have been allocated, I do not see a significant increase.

If we are envisaging private projects and many more quasi-provincial or public projects coming under the environmental assessment process, we have only to think of the requests for environmental assessment that have come in during the past year for things such as the 401 water park, the liquefied natural gas project in Cobourg and the dome. One realizes a fair amount of resources will have to be placed in that allocation if all those assessments are to be completed.

Turning to acid rain, the minister justifiably takes credit for a very strong program. I was glad to hear him say the semi-annual progress reports would be received soon. I would appreciate some clarification. In his comments, he said by the end of July. The written text says "by the end of this month."

In reading those comments, I was moved to go back and look at Countdown Acid Rain and remind myself there was a statement in that document to the effect that a further opportunity would be provided to individuals or groups to express their views on the abatement program and its financing by hearings before the select committee of the environment. Hearings of this new committee of the Legislature would be scheduled during the early part of 1986. I am sure the minister will want to explain to us when he envisages those hearings beginning and when we

might expect to see that select committee scheduled.

Hon. Mr. Bradley: We may need the House leaders in for that.

Mrs. Grier: Why do we not get them all in here and solve the problem? That would be fine.

Moving on to the spills bill, again we would appreciate some expansion of the comments on the Environmental Compensation Corp. I am interested in knowing details of the number of claims that have so far been received and the number of incidents under that new legislation that have been reported and that have required action by the Environmental Compensation Corp.

Similarly, when can we expect a report on how the polychlorinated biphenyl destruction process is working? I regret the rather reactive position the minister has taken in his comments to the committee in the statement that the ministry does not plan to be the proponent or driving force for these treatment facilities. It seems to me, given the concern about PCBs and the large number of locations where they are stored awaiting action, that it would be appropriate for the ministry to take a more proactive role and to work with those people who have PCBs in storage to persuade them to adopt the proper procedures and embark upon the process of destruction. If we sit back and wait for proposals to come, we may keep them in storage for an exceptionally long time.

Turning to the St. Clair River, I agree with the minister that nothing has more dramatized concerns about water, and especially drinking water, than the discovery of the blob. I welcome the commitment to step up the research, the testing and the surveillance. Yesterday, I was pleased to get the press release about \$250,000 going to the University of Windsor for monitoring. I believe the question that has to be answered is, when you have done all that testing and monitoring and found all the information, what are you going to do? What is the response going to be?

Unfortunately, when dioxin was discovered in drinking water, the response was that it was a less than lethal type and we should not worry. I welcome the suggestion of the member for St. George that we should have some examination of the standards that are being set and some understanding of what the implication of that is.

Hon. Mr. Bradley: I believe I said at the time that I did not consider any amount to be acceptable, but I gave you what the health and toxicological experts said while they were sitting

there. I should not interrupt you, but our goal should be to get any trace of it out.

4:30 p.m.

Mrs. Grier: I hope you can point us to where in the estimates the dollars exist for the treatment that will be required to get it out of the drinking water where it is found, because I was unable to come across that allocation. We have not seen the legislation that sets out the standards. I hope the funds are there to assist municipalities that might want to upgrade their systems.

With respect to the claims that officials in your ministry have made recently that drinking water in Toronto is better than in other cities, it would also be helpful if we could more clearly understand the evidence on which those claims are based and the comparisons that are being made.

The minister's response to much of this is that we must clean up the sources, and nobody would disagree with that. There is throughout the statement an element of the consensus approach I was conscious of in reading the Hansards of the last time that estimates were heard before this committee, when the member for Sarnia (Mr. Brandt) was the minister. The phrase "working together with affected industries and municipalities to establish strict controls" is somewhat less than the strong action that is required and would be supported on all sides.

The minister has a section in his statement about recycling pop containers. I had planned to be charitable and not mention that issue in my comments, but since the minister brought it up, I look forward to having it shown to me where the substantial increase in provincial funding is that is mentioned in the minister's statement. In my perusal of the briefing book, on page 13 of the briefing statement, the estimates appear to be less than the 1985 authorized ones. I note that transfer payments to various groups involved in recycling are less than they have been in other years. Therefore, I look forward to the explanation of all that.

I also look forward to the explanation of the statement at the top of page 10 of your submission, "To encourage recycling of materials beyond soft drink containers, equivalent recycling credit will be allowed for cans and bottles from other food products." I hope that does not mean that if I recycle my ketchup bottle, I can buy my soft drinks in cans or in plastic bottles. The strain that we ought to be recycling all of them ran throughout your regulations on soft drink containers. I will welcome an explanation of that paragraph.

It is important to realize that industry is anxious to have recycling of glass. In my own riding, Consumers Glass Co. Ltd. can take much more glass than it is currently able to collect. I hope real emphasis is going to be placed on encouraging municipalities to get into the separation at source and get on with recycling at that level.

Hon. Mr. Bradley: The mechanism the member for St. George raised as a concern when she was minister, or previous to that, relates to what you are saying, and you might have some suggestions on dealing with apartments. In a lot of municipalities, one way of doing it is source separation. How that could be accomplished in apartments might be one area we would explore. You had raised that at one time as a problem.

Mrs. Grier: It is particularly difficult. You can impose things on newly developing apartments, but in areas where there are existing and older units that have incinerators, which is another subject I hope we will touch on, it is difficult to impose collection facilities and space for storage of source separation. That is certainly a difficulty.

On the question of air pollution, I was glad that once again we had the promise that there were going to be better standards and that the point-of-impingement philosophy was admitted not to offer much protection from either long-range transportation of pollutants or the complex chemicals. Yet, at the same time, I was struck throughout this section by the somewhat congratulatory tone that things had improved. I hope in your response you can give us some indication of when we might expect to see those tougher regulations in place, because until we have a better system of monitoring and higher standards for industry and others to meet, we will not get any action on that.

Turning to page 13 of your statement, we come to the question of beaches. Again, I am afraid I cannot find in your estimates the allocation that, in my opinion, is going to be required to do an effective job. I have alluded to page 12 of the briefing book, and I note in the actual estimates that the grants for beach studies are shown at \$500,000. When I look back at the briefing book for the last time estimates were before this committee, there is a beaches program amount of \$4.5 million. I am sure you or your officials will have an explanation. I want to pinpoint that as one I look forward to receiving.

Hon. Mr. Bradley: I will have; I have a good explanation. Ms. Fish is going to ask me what my leader said about that.

Ms. Fish: How can you anticipate me on these matters, Minister? It is remarkable.

Mrs. Grier: On the issue of enforcement, and this is where the whole credibility of the ministry is at stake, I hope to have some reassurance that the good intentions of the minister are being translated down to the lower levels of the ministry and that members of the public, when they call with a problem or with a complaint, are going to find that there is effective response and a less defensive response than has sometimes been the case in the past.

I am interested to note the organizational change that appears to have occurred where enforcement has been moved from the intergovernmental relations and strategic projects division to the operations division. I look forward to some explanation of the implications of that and will welcome some explanation as to why that would be more effective. However, I see there are some special projects for which funds have been allocated. The expansion of the Sarnia office and the Junction audit are still under the heading of enforcement. Are those the only special projects your ministry plans to undertake this year? What funding has been allocated to others? Have those that were in previous estimates been completed? If those are the only two special projects you can think of, we can probably come up with a longer list between us that would occupy that entire division.

The minister has mentioned his intent to improve fines and penalties, but again we have no timetable. In the course of these discussions, I hope we can extract some schedule as to when some of these good intentions might be translated into action.

The promise of intervener funding has been made before. Am I to assume, from the way in which it is couched in this submission, that there is not going to be a comprehensive policy, but that it is going to remain for people to come cap in hand to the Ministry of the Environment and advocate on their own behalf for intervener funding on each occasion rather than having it given to them as a right? I had hoped we would have had some more general policy on that whole issue.

There are, in addition, a number of problems that are unmentioned in these opening remarks.

Hon. Mr. Bradley: I did not want to do a four-hour statement. I wanted to give you a better chance to ask questions.

Mrs. Grier: With some judicious editing, you could have crammed some more specifics into the hour you had.

I am glad the member for St. George has raised the whole question of landfill and garbage disposal. I hope we can have some discussion of that and the problems that there are, particularly in rural areas where they are running out of landfill sites or where there are inadequate landfill sites. I would welcome the ministry's list of problem spots around the province, perhaps in order of priority, so we would have some means of knowing what the targets are and where the sources are felt to be the most important and could be cleaned up.

4:40 p.m.

As this committee is going to extend into next week, we will have your response to the request of Pollution Probe for a moratorium on incinerators, which we had indicated might be available this Friday when the two weeks run out. I look forward to that.

I would also like to have some discussion on the question of lead. I know the minister has suggested it is not the fault of the government that there has been no commitment to equalizing the prices of leaded and unleaded gasoline, but I do not think we have heard that commitment made. Perhaps this is the appropriate committee to discuss the mechanism by which that might be implemented.

I would also appreciate having some discussion on the whole question of lake filling. When I raised this question with the minister in the House, he indicated that some kind of long-range study on the impact of the lake filling that has occurred over the past seven or eight years would be appropriate. If there are funds allocated to that, I would like to be directed to the particular account.

I will leave it at that. When we get to the individual votes, there may be some other points I will want to raise.

The Vice-Chairman: Thank you, Mrs. Grier. I will ask the minister how he would like to proceed. Do you want to respond to the critics or involve other members of the committee?

Hon. Mr. Bradley: I can do both, but if any other members of the committee have specific things they wish to put on the record so we can get answers back for them by next day, that would be useful. I still have plenty of time to respond to the critics because we are only at 20 minutes to five. I am easy. If members have anything else they want to put on the record and want us to get answers for, I will be happy to do that as well.

The Vice-Chairman: Are there members of the committee who would like to pose some questions to the minister?

Mr. Pierce: There are some items that are specific to my riding, the district of Rainy River, in reference to dioxin in the Rainy River system. They are doing some ongoing testing in the Rainy River system to look for the source of the dioxin. To date, no conclusions have been reached as to the actual location or origin of the dioxin.

I have forwarded letters to the minister requesting specific information on how that relates to the freshwater systems from which Fort Frances and International Falls, Minnesota, and a number of communities along the Rainy River system draw their water and whether that water is clear and safe to be used.

Recently, the Ministry of the Environment produced a document called The Ambient Air Quality Survey in Fort Frances, and I am concerned about the response made by the regional director in his covering letter. He says the study showed that "airborne concentrations of totally reduced sulphur, TRS, moderately exceeded the ministry guidelines in the residential areas near the lagoon." I wonder what "moderately" means and what the ministry proposes to do to correct the amount of TRS allowed under the regulations.

The other comments I am concerned about are that the TRS levels around the mill also exceeded the ministry guidelines and that TRS is not expected to lead to any long-term health effects. That appears to me to be a statement by someone who is not knowledgeable but who is prepared to offer some kind of comment. I wonder how conclusive or how reliable that statement is and what it means to the people in Fort Frances who are continually subjected to these conditions.

The covering letter goes on to say, "When the studies are complete, a new control order will be developed some time by the end of 1986," and I wonder if control orders are developed based on the information gathered and whether we then determine the extent of the allowable TRS and issue the control order, or whether we should issue the control order prior to getting all the information. The question of order controls will be dealt with as well.

Both those items are very important to the people in Fort Frances, particularly people in the area of the Fort Frances lagoon. They have become aware of the fact that sludge has been removed from the lagoon for many years and has been carried up and deposited in a waste disposal area. It could very easily generate problems in the water system. Leaching from the local dump area goes into the freshwater system and then can quite easily find its way back into Rainy Lake and

into the drinking system. Subject to the letters I have written to you, extensive work has to be done to determine whether that leaching does take place or whether the leaching is nonexistent.

As you know, Boise Cascade in Fort Frances has requested additional dumping areas in Fort Frances, which has responded by authorizing some land for sale. Now we are faced with the question of wanting to know the exact kinds of chemicals that are going to be put into this site. For that reason, they have refused to issue the final orders to go ahead with the sale.

Those are some of the items I have that are of the utmost importance and concern to the people of the Rainy River district.

The Vice-Chairman: Do any other members of the committee want to pose a question to the minister?

Mr. D. W. Smith: I want to ask one or two short questions of the minister.

I believe you have a study going on down there in the St. Clair River—I think I heard right—is it the Thalassic Data group? I am wondering what stage they are at, what they are finding and how long before you will be able to report what they have found.

I do not know whether my other question relates to your ministry entirely, but, as a result of the Chernobyl tragedy in the Ukraine, are you, as Minister of the Environment, now going to watch our nuclear plants along the Great Lakes more closely? Does this cause any concern to your ministry so that we must watch the actions, in this case of Ontario Hydro, more closely than we have in the past? Do you see any concern there?

I ask those two questions now and I may ask more later.

The Vice-Chairman: Are there any other members posing questions? If not, I will turn back to the minister to reply.

Hon. Mr. Bradley: I will start off by looking for my notes from the member for St. George. I made some the other day, which I cannot find, of course. I can touch on some general areas. This is magic; some of the answers are here. This is a change from other years when I have been on the committee.

4:50 p.m.

First, a general comment on the concerns that have been expressed by the member for St. George and the member for Lakeshore and their assessment of the priority environment should have and does have with the public. I am not aware that our ministry has taken any polls since I

have been a minister, but the polls we have seen—and I realize we should not rule by polls—have clearly and consistently indicated the public perception that there are genuine environmental problems and that they must be addressed. I gain the general impression that while people want the polluter to pay for the most part, in some circumstances they are prepared to assume part of the cost.

To touch on the acid rain program, an example of that was the reaction I got when Ontario Hydro, upon my announcing it would be placed under pretty strict rules and pretty restrictive levels, said, "Of course, you realize this will cost the ratepayers of the province considerable sums of money." The assessment I got at the time of the general reaction of the public was that if Ontario Hydro could pinpoint that specific increases were directly attributable to an improvement environmentally, the public would be prepared to accept that, but it did not want Ontario Hydro using all its expenditures as an excuse for perpetrating upon the province rates that people consider excessive. That was an early reaction.

One of the most difficult problems any environment minister faces on an almost daily basis is that the industrial sector will generally say to an environment minister in any jurisdiction, "If you make our rules tougher than the other person's rules, then everyone is going to flee the province." The member for Rainy River (Mr. Pierce) knows that the north has encountered considerable problems in terms of layoffs and so on and that there is very often resistance from many people in the corporate sector—although I think that resistance is starting to disappear—to the requirement of significant expenditures to deal with environmental problems.

Therefore, we have to look down the line and see how we are going to solve that, when we bring in what amounts to a new regime in terms of air emissions and water emissions, and who will assume the cost of that. As I say, everyone likes to see the polluter pay, but very often people recognize that, ultimately, the polluter passes that cost on to the consumer. In some cases, it provides a more realistic price of a product when we look at what it actually costs to produce it, if we are going to protect the environment. I look at that as an important general observation.

With respect to a centre for toxicology in Guelph, that has a lot of promise. The previous government indicated some interest, but it was contingent upon the federal government becom-

ing involved in some funding. Particularly in the light of the most recent reports that have come forward from Kate Davies and Dr. Hallett and so on, as the member for St. George has noted, that offers us a reasonable use of funding under the right circumstances.

Unfortunately, in the cutbacks the federal government announced, one of the items removed was a Canadian centre for toxicology. Our officials continue to discuss with federal officials the potential for restoring that federal funding, because we would like to participate on that basis along with the federal government. It would not be exclusive to Guelph. The University of Toronto would have a strong connection with it.

I envisage that other universities around the province may wish to tap into or be assigned certain work from a toxicology centre. I think it offers a lot of promise and would have a lot of support. As some have noted, we have provided grants on an ongoing basis to various universities to undertake specific research projects which eventually have a practical application, and I am supportive of that.

I have met with the principals involved and indicated that support, and I have raised the issue with the federal minister. I hope as funds begin to flow, we may have the opportunity to do it then. I am trying to recall—I think there was some resistance initially. The member for St. George can correct me if I am wrong, but I think Premier Davis indicated on behalf of the provincial government that he was interested in seeing that funding flow if the federal government was. In the allocation, I got the impression that there was federal money committed that was just withdrawn. That should be restored. We would like to see that happen.

In terms of some other items I can look at—do you want to explore that further?

Ms. Fish: I am at the committee's direction in this matter but would it be possible, since we have started on the centre for toxicology, to proceed with a little bit of questioning on that? Is that acceptable?

The Vice-Chairman: That seems to make sense.

Hon. Mr. Bradley: That is fine. Just stop me in midstream at any time when you want to ask specific questions.

Ms. Fish: You were about to move on to another subject. Can I ask you some questions on that?

Hon. Mr. Bradley: Please go ahead.

Ms. Fish: My recollection is that the total bill for that centre was something in the order of \$25 million. I am not sure that I have that correct, but I recall it being something in the order of \$10 million federal, \$10 million provincial and \$5 million committed from the private sector. Can you tell me if my memory is correct, and if so, if that is your current update and understanding of the capital requirement?

Hon. Mr. Bradley: The figure I recall is some \$15 million. I will ask Mr. Castel to elaborate on that. The figure I can recall being bandied about was \$15 million, but he may have some more up-to-date information.

Mr. Castel: The understanding was that the centre would cost \$32 million with \$16 million to be contributed by the federal government and \$16 million by the provincial government. The capital expenditure was estimated at about \$20 million and the balance of \$12 million was the estimated operating expense for a period of five years. In addition, the centre was supposed to see if there was any possibility of having industry participate.

As the minister has indicated, the federal government, in its recent budgetary cuts, declared that it was not going to support the centre, at least the bricks and mortar, but that it would be prepared to have the centre undertake certain research studies. The government of Ontario has so far participated to the extent of \$540,000 to keep the centre in business and operating until such time as the federal government funding can be resolved and also until such time as it could ascertain the possibility of obtaining funding from the private sector.

Ms. Fish: That is a 1986 estimate you had?

Mr. Castel: These were the estimates we had.

Ms. Fish: Can you tell me whether the proposed \$16 million in capital has been reserved in these estimates?

Hon. Mr. Bradley: I do not believe that amount will be in the estimates until such time as we get an indication from the federal government that it is prepared to move. The amount will not be specifically shown in the estimates but we have given this undertaking and if the federal government gives us a green light, we are prepared to give the green light to it as well.

Mr. Castel, do you have any further comment on the actual estimates?

5 p.m.

Mr. Castel: There is no funding in the estimates for the capital expenditures for the centre for toxicology but we have taken the

matter up with the federal government on several occasions to ascertain if it would be prepared to participate.

The centre also now is revising its plan and may want to start off with a smaller establishment by using facilities that already exist at the universities at Guelph and Toronto rather than constructing an elaborate new building as it anticipated at the beginning. We must also recognize that the funding has two objectives. One is to train toxicologists and the other is to do research in toxicology. Therefore, there is more than one ministry that would be interested in the centre, and the question of funding for education is also a part of it.

Ms. Fish: What proportion of that \$16 million, which I inferred would be coming from the Ministry of the Environment budget, do you feel should be more appropriately found in the budget of the Ministry of Colleges and Universities?

Mr. Castel: If the federal government decides to participate and the provincial government has to pay \$16 million, I think it should be proportionately among the ministries of Environment, Health and Labour, because these three ministries are interested in toxicology.

Ms. Fish: Is that for the testing and research, as distinct from the education aspect?

Mr. Castel: That is right.

Ms. Fish: I was particularly interested in the testing and research in the context of these estimates. Do I understand that the government is prepared to support a centre for toxicological testing to the extent of \$16 million, or is it only prepared to support it to the extent there are specific matching federal dollars?

Hon. Mr. Bradley: As members will recall, it was to be called the Canadian Centre for Toxicology and was to serve all of Canada. It is our view that we want federal participation in that.

One of the problems I know members will recognize in all these matters is a federal government, regardless of which one is in power, that keeps withdrawing from areas where we feel it would be beneficial to all of us for it to be involved, and keeps throwing it back to the provinces to fund. That is fine if it is prepared to increase significantly what I call undesignated funds—what is the word they use in municipalities—transfer payments as such.

The problem is that if they keep backing off and saying, "Do it yourself," then we would have to move in to a certain extent, but it puts the onus

back on the provincial taxpayer, when in this specific instance, for example, it is to be a Canadian centre for toxicology.

I intend to continue to pursue this with the federal minister, and to a certain extent with the federal Minister of Agriculture and the Minister of National Health and Welfare, who would be involved in this. We think it should be a centre to service all of Canada, and we are prepared to participate.

As Mr. Castel has pointed out, there has been something of a revision of the proposal. We are still prepared to participate, based on the revision.

Ms. Fish: What is that revision down to? I am sorry, I did not make a note.

Mr. Castel: I do not have the exact figures, but it would certainly be less than \$20 million for capital expenditures, because that is the area on which they are intending to save money. They are going to use existing buildings at the University of Guelph and the University of Toronto.

Mrs. Grier: I would be interested in knowing what kind of money we would be looking at if we reduced the scheme to a provincial centre for toxicology. Has any feasibility study been done of having it merely to serve Ontario?

Mr. Castel: We have some figures on that. I do not have them with me, but we could produce them.

Hon. Mr. Bradley: It would be very advantageous, however, to have a national centre in which we would participate. When you attend these annual meetings of ministers—CCREM, as they call it, the Canadian Council of Resource and Environment Ministers—time and again you see there are problems of a national nature. This is the kind of problem in which the federal government could participate, and I think very beneficially.

This is more research, so the jobs are not the big component that they are in infrastructure renewal, for instance. Nevertheless, it is important that we have national standards developed and that when you talk about something in British Columbia, you are talking the same language as you are talking in Ontario or Prince Edward Island.

This is why we think it is so important to have a national participation in this kind of centre. I would look forward to that. As soon as we fall back on all of these things and say the province is going to go it alone, then we will not see the federal money. That is really what it amounts to.

It is a tough decision, because we do press ahead on many occasions but if we keep allowing them to abandon various areas where they have been involved before, we start to lose a lot of funding that is based on a national tax base which is far better than what we have had provincially.

Ms. Fish: With respect to the actual work on toxicological research and its role in setting standards, who does that now? Who fills that need now? How is the need, that presumably would be met by that centre, now filled?

Hon. Mr. Bradley: National Health and Welfare does a considerable amount of that work. Another, to a certain extent, would be the national ministry of the environment, Environment Canada, but National Health and Welfare would certainly be the lead in that.

Ms. Fish: That is for the toxicological studies and the identification of standards?

Hon. Mr. Bradley: Right. The provincial Ministry of the Environment does play a role but the lead in that has been National Health and Welfare. It is wise, and the government has said this on many occasions, to utilize the resources of—I do not call them the private sector—the university sector, the post-secondary education sector, in providing the expertise that some of them have right on site to assist in this regard. Largely, it has been a matter of the environment departments, specifically National Health and Welfare. There is a need for significant expansion of that effort.

Ms. Fish: Are you telling us—I want to be sure I understand the advice that you are giving us today—that the only toxicological standards that would have effect in Ontario, that now have effect or would in the future have effect, are national toxicological standards and, therefore, the only appropriate approach to finding those would either be a direct national exercise or a nationally-funded exercise?

Hon. Mr. Bradley: No, I would not say that. I would say they have the lead. Dr. David Balsillie, who is our new assistant deputy minister in this field, will be able to answer that further for you.

Dr. Balsillie: We receive, in the Ministry of the Environment, a large amount of our toxicological backup through the toxicology medical people who are associated with the special studies branch of the Ministry of Labour. If, for instance, we wish to set an air guideline, we enter into consultation with them. They review literature, talk to relevant people and prepare a recommended guideline for ambient air, for

instance. We get a lot of backup from those people.

Ms. Fish: But that is not through primary research.

Dr. Balsillie: That is through secondary data analysis.

Ms. Fish: Was the centre to be for primary research?

Dr. Balsillie: That was more of the thrust of the centre, in order to provide primary data as you call it, yes.

Ms. Fish: You were then going to elaborate on the issue of national standards versus Ontario standards. Could you give me an illustration of a standard that we have here in Ontario that is an Ontario standard but not a national standard?

Dr. Balsillie: Yes. For instance, we set an ambient-air provisional guideline for combined dioxins and furans. We subsequently went into a large development of a criteria document which was international in stature and has been distributed worldwide. We have now entered into an agreement with National Health and Welfare, with the federal government, to set national standards not only for air but also for multimedia standards in order that we come to an allowable daily intake for people who live across this country.

5:10 p.m.

Ms. Fish: It is a complicated area and I want to be sure that I have it correctly. You are saying that in Ontario now, we have a standard for ambient air containing combined dioxins and furans. That is an Ontario standard, not a national standard?

Dr. Balsillie: That is correct. There is no national standard.

Ms. Fish: How was that Ontario standard arrived at?

Dr. Balsillie: I want to stress this is what we call a provisional guideline. There is a series of steps: provisional guidelines, guidelines, tentative standards and standards. Standards are those that are in the legislation. Tentative standards are those that have been prepared and are ready to go into the legislation. Guidelines are numbers for which we have good evidence, and provisional guidelines are those we have studied and for which we are prepared to set a provisional number.

Ms. Fish: Do the least regulatory of the four, the provisional guidelines, inform, frame or direct any other activity by any government agency in enforcement or in subvention?

Dr. Balsillie: Yes, and I can give you an example. The provisional guideline for dioxin is 450 picograms per cubic metre for a half-hour average. When we did the testing at the solid waste reduction unit incinerator in Hamilton, we found it to be 10 per cent higher than that. The minister of the day prepared a letter and forced that installation to cut its throughput by 20 per cent, based on that provisional guideline. We have been to subsequent hearings and defended that guideline. In effect, what has happened as a result of the hearing process is that the guidelines on ambient air quality are going to be much more stringent than that, and new sources will have to meet them.

To come back to your original question of how we set that number, we wanted to set a number provisionally in our guidelines for both dioxins and furans. They are related compounds in their chemistry and their structure. We went to the Ministry of Labour and it did its detailed homework. It checked the international literature and looked at whether this was a promoter or an initiator of cancer. If it is a promoter, then we can set a bottom limit, what we call a no-observable-effect limit, or NOEL.

The toxicologists involved determined that level. Then, to make it safer, they made all the dioxins equal to the most toxic, the 2,3,7,8-tetrachlorodibenzo-p-dioxin you read so much about in the newspaper. They made all the members of the family of dioxins equally toxic to the worst one. The furans are less toxic than the dioxins, so the Ministry of Labour toxicologist divided all those by 50 and made that number equal to the most toxic dioxin. He added them up and divided again by a factor of 100 to make it even safer. That is how we came to set the number of 450 picograms per cubic metre, based on the recommendation of a toxicologist from the Ministry of Labour.

Ms. Fish: So that I understand, it was not by primary research. It was through secondary research, analysis of the literature of the field, testing done in other jurisdictions, with a discount factor for safety, which you described in that 50 and then the 100 and so forth.

Dr. Balsillie: Yes. That is correct.

Ms. Fish: How does the minister identify the items he feels require a national standard, interim standard, guideline or provisional guideline? Is it only that he will await those being established nationally, as against those things he feels demand an Ontario interim standard guideline or provisional guideline, and he directs that the work be undertaken at the provincial level to

establish what may be a provincial standard—and I use the term standard here not in a legal sense but in a commonly understood sense—in the absence of a federal standard or that might be different from the federal standard?

Hon. Mr. Bradley: When the environment ministers of Canada meet as a group—the resource ministers are there as well, but this is more specific in our case to environment ministers—there is a toxic substances standards subcommittee. It met in Edmonton, where the deputy ministers met when the world commission on the environment was there about a month ago. For instance, in that particular conference, at that time, they were dealing with the polychlorinated biphenyl standard.

My preference would be to have national standards on everything. If, however, the Canadian Council of Resource and Environment Ministers is not moving as rapidly as we believe it should, in specific areas, we have to move into the area on an interim basis.

There are so many areas where virtually no one in Canada has established standards. We feel, in Ontario, that it is difficult to wait for a national standard although we encourage the federal government and other ministries of the environment across Canada—and their health or labour departments, and so on—to come forward with the development of these standards. Certainly there are some cases—in the case of dioxin, for instance—where we felt that in the absence of standards in other areas, we had to move quickly. In my view, further research obviously has to be done in conjunction with the US Environmental Protection Agency, which has done some work in this regard, and the World Health Organization. Do you want to elaborate on that at all, David?

Dr. Balsillie: Just to add, Minister, that where we see a need, if we have a source that is coming into an Ontario milieu and we do not have a number, then we feel obliged, before we give a certificate of approval to construct and subsequently operate, to delve into that particular compound and determine what level is safe. We feel we need an Ontario number where that is required.

Ms. Fish: Would that apply, as well, to materials for sale as distinct from byproducts?

Dr. Balsillie: What we deal with are materials that are emitted into the natural environment. Are you referring to—

Ms. Fish: The illustration you raised was a new material coming in, about which you were

concerned. We were talking about dioxins and furans, which are classed, again, in a non-scientific way, as byproducts. There are, of course, other materials that come in that are specifically and deliberately manufactured and that are equally emitted into the environment—in some cases accidentally and in other cases deliberately. Do you similarly apply your standard to any of those when it is a new material that is coming into the province?

Dr. Balsillie: I probably used the word “material” incorrectly. Wherever there is a known, or planned, emission of a compound into the natural environment then, in order to determine whether or not the operation of that particular activity is going to be safe, we have to have some number or guideline. We do that if we find that to be required for our province.

Ms. Fish: How does that come full circle to those things that are deliberately introduced into the environment, for example, pesticides?

Hon. Mr. Bradley: A couple of months ago the federal Minister of the Environment indicated he was prepared to revise what he referred to as the “hazardous contaminants act” which dealt with all new substances coming on the market. One of the problems identified by environmental groups, environment ministers, ministries and so on, has been the fact there are a number of new substances that keep coming on the market. The federal minister indicated, within his jurisdiction, he planned to make some substantial changes so there would be much more careful scrutiny of those products that would come on the market in Canada. He certainly has given that indication. I do not think we have seen any legislation or regulation yet. However, Mr. McLeod informs me a report on this is coming shortly from the federal ministry.

5:20 p.m.

Ms. Fish: I do not want to take us too far away from the centre for toxicology today. Perhaps we could return to this question when we deal with the areas under the minister's specific jurisdiction, the specific licensing of pesticides within this province and the fact that, unless there is a specific listing under our schedule, if I understand the regulation correctly, the sale or use would be illegal.

This touches very specifically on my concern about the testing and the extent to which there is reference to either original research for toxicological testing in Ontario or reliance on testing undertaken in other jurisdictions. Perhaps I could wrap up my questioning on this and leave any

further questions to other members by simply noting that I heard in the illustration that was given on dioxin and furans what I would call secondary literature search research, as distinct from primary research. Where, if anywhere, is primary research done in toxicology in the province?

Dr. Balsillie: I do not have an inventory of where primary research is done within the province; I would have to look into it. We also have people within our hazardous contaminants co-ordination branch, who are not with us today, who could address that topic more fully since they were the people involved in the co-ordination and development of the large dioxin document which was reviewed internationally.

Ms. Fish: Does the Ministry of Agriculture and Food do any? At Guelph, for example, does it do any toxicological research?

Hon. Mr. Bradley: I am not aware that it does. I will make sure Dr. Birmingham is here to answer any questions in that regard.

Ms. Fish: Thank you.

Hon. Mr. Bradley: Another area you both identified in terms of overall policy, and we dealt with it more specifically and on a case-by-case basis within our ministry, is that of intervenor funding.

What about intervenor funding? Should there be an overall government policy on it? I can tell you at this time the government is undertaking a review of the whole question of intervenor funding and where it might be applied.

In the absence of completion of the full review and a full government policy, what we have done in effect is to seek in specific cases—and, upon application, have assigned—intervenor funding. We all agree it would be preferable if we had, in all jurisdictions, an overall policy and criteria with which you could deal.

I think specifically in the environment field, although others could argue in other fields as well, intervenor funding is necessary to ensure two things: some settlements of fairness in the system and that the hearings themselves are meaningful. Usually, the proponent has sufficient money to put forward a case, and the opponents have to flail away; at least, that has very often been the case in the past.

Second, without the opponents of a proposal being able to offer some reasonably expert opinion, those who are hearing the case are not hearing as good a case as they could. Perhaps we are not seeing the kind of cross-examination or

counter-arguments put forward by the proponents that we should.

That is why I am working, along with the Attorney General (Mr. Scott) and others in government, to come forward with an overall policy on intervenor funding which will be helpful.

We have provided intervenor funding in certain specific instances such as the Tricil case in the Sarnia area. If my memory serves me correctly, 3M Canada in London is another; even though it is not specifically our hearing, we have a significant role to play in it. We provided intervenor funding in the hearing on the liquefied natural gas case. Can anybody think of any other cases offhand?

Mr. Castel: We have a tentative allocation in our budget this year for intervenor funding based on the policy that is being developed. We have allocated \$300,000. In addition, the Ontario Waste Management Corp. will be funding intervenors.

Hon. Mr. Bradley: That is probably the one where most of the money is provided now. Most people consider it to be a special case.

Ms. Fish: Would that be only for the OWMC proposal, or would it be afforded intervenor funding on a variety of environmental matters?

Hon. Mr. Bradley: It is only on its proposal at this time, although letters have gone to Donald Chant for any and all. When you have a lot of different groups or people who want to intervene, one problem is trying to get them together so there will be a coalition of sorts so there can be a reasonable assignment.

It is difficult if you give upfront money to intervene to everybody and anybody who shows any inkling of interest. It is much easier to provide the funding afterwards, as they have in the past, when they can see who has made the contribution. The board or whoever has done it has assigned the money to the people who have incurred the costs.

As we all recognize, the real problem is that there are not that many consultants, lawyers or scientists floating around who are willing to go out on a limb that they might get paid. Some have a volunteer nature in them, but many also have to pay overhead. That makes it difficult. That is why upfront intervenor funding is required.

I agree with those who have put forward the opinion that an overall government policy on intervenor funding is ultimately the best route to follow. In the interim, I too am impatient and want to move forward without that policy.

Mrs. Grier: Do I take it from that that you cannot give us a timetable as to when you might have the overall policy?

Hon. Mr. Bradley: No, I cannot give you a timetable; however, many of us are impatient.

Mrs. Grier: Can you share with us the criteria you are going to use in the disbursement of this \$300,000?

Ms. Fish: Which vote and item was that, by the way?

Mr. Castel: It is under the environmental assessment vote. We have allocated it tentatively.

Hon. Mr. Bradley: Perhaps Mr. Mulvaney or Mr. Castel would like to talk about intervenor funding in terms of the criteria we have applied.

Mr. Chairman: Do you want the answer now, or do you want to serve notice for that vote?

Hon. Mr. Bradley: We have the answer now.

Mr. Mulvaney: I do not know whether these are finally determined.

Hon. Mr. Bradley: What are the criteria we have used at 3M Canada, Tricil and the LNG one?

Mr. Mulvaney: First, the groups should have made some effort to come together. There should not be a multiplicity of groups with a number of different positions; they must have made some effort to come together. There must be a careful estimate of the costs that are likely to be incurred so the board making the evaluation can make a careful allocation. An accounting must be kept of the costs incurred.

Those are the kinds of principles that were established initially in the Berger inquiry. In almost every attempt to set a list of criteria, these and similar criteria keep coming up. I guess that the Attorney General will be thinking along these lines as well.

Hon. Mr. Bradley: That is what we have used in ours.

5:30 p.m.

Ms. Fish: Are these available in some sort of direction to applicants? Do you have forms prepared for those who wish to apply? Perhaps we could have those tabled with us tomorrow. You could bring along the forms and instructions for application that you would be giving to those who would want to apply for this.

Mr. Mulvaney: My recollection is that they were attached as a schedule to the order in council we sent to the Environmental Assessment Board in both the 3M and the Tricil hearings. There may be some room for flexibility

for future hearings, but I think those would be available.

Ms. Fish: I think what Mrs. Grier and I were trying to get at was the criteria that would guide the disbursement of the \$300,000 allocation, as distinct from what had been used in the past.

Mr. Mulvaney: I am speculating that those would be the kinds of criteria that would be used. However, there may be some room for flexibility from hearing to hearing, depending upon the circumstances involved. So far we have done it on an individual case basis. The PCB hearings, for example, had a particular set of criteria very similar to the Berger criteria but with some minor variations, and again the 3M and the Tricil ones varied a bit. There is no standard set of them.

Ms. Fish: There is not a standard set of criteria?

Mr. Mulvaney: No. There has been a little flexibility in adapting them up to now.

Mrs. Grier: I agree with the need for flexibility; the difficulty has been for groups in ascertaining the basis on which they might apply, prior to the commitment for funding. Therefore, if what we are establishing is that the criteria you have used in the 3M, the Tricil and the LNG cases are going to be standard criteria, it would be helpful to groups that might anticipate applying for funding to know that those are the rules. In the past, I do not think they have known what the rules are. You may have known these were the criteria you were going to apply, but that was not generally shared.

Hon. Mr. Bradley: I think it is a good suggestion to have that. I will introduce the other thing. I will get comments I am actually going to listen to from you on your views on this as well.

There are two potential sources of funding interveners; one is the grateful taxpayer—that means the government of Ontario, naturally, in this case—and the other is the proponent paying, or shall it be the Ministry of the Environment, getting its funds from the Treasurer, who gets his funds from the people of this province?

Ms. Fish: What was done in the Tricil case? What was the source of the intervenor funds there?

Hon. Mr. Bradley: It ultimately came from the Ministry of the Environment.

Ms. Fish: Was there a suggestion to Tricil to contribute to the intervenor funding?

Hon. Mr. Bradley: There was an early suggestion that this might be the case. On analysis, it was felt that would not be useful.

Ms. Fish: Not useful? Did it not speak to appropriateness?

Hon. Mr. Bradley: Since we did not have an overall government policy that called for proponent funding, it was a legal problem whether we could do that. I thought initially it might have been a good idea, and initially this was discussed with Tricil, but we looked at the legal ramifications and decided in that specific case, in the absence of an overall government policy, it was advisable for the ministry to provide it.

That does not preclude having proponent funding down the line. There may be some virtues to proponent funding; it depends on what the ramifications of that might be.

Mrs. Grier: We have to make a distinction between intervenor funding given in advance of a hearing and costs that may be awarded subsequent to a hearing. I am glad to see this money in your allocation as a pool to be used to fund intervenors to participate. If costs are awarded at the conclusion of the hearing, that does not preclude some of that money coming back to you. Essentially, however, my position would be that the costs should be borne by the proponent, just as the proponent now funds others to go out to do its geological studies or whatever.

In many cases, if the interventions are appropriately funded early enough, they can contribute greatly to a lessening of the complexity of the hearing. Many of the problems can be ironed out in advance with well-informed and well-funded intervenors. We have had one case—perhaps it was Tricil—where the hearing was much shorter with intervenor funding than a previous hearing where there was not intervenor funding.

For the proponents, time is usually money; so while they may not be open to intervenor funding, they ought to bear the major burden of that funding.

Hon. Mr. Bradley: Two different kinds of hearings are conducted; there are some hearings where there is a provision for awarding of costs afterwards, and there are some where there is not. You are able to extract it sometimes and not at other times. The deputy informs me that in the Tricil case there was an order afterwards. Is that right?

Mr. McLeod: For costs.

Hon. Mr. Bradley: Costs were awarded. Did we recover that for our ministry?

Mr. McLeod: Yes.

Hon. Mr. Bradley: In that case, we did recover it, but in some cases there is not that provision. I see what you both mean when you talk about the advantage of having it up front, because it does allow them to know where they are going and to get the better people to work with them as opposed to the hope that some day they might get it down the line.

Mrs. Grier: Can I clarify another point on the \$300,000? Presumably, nothing precludes you from contributing that funding towards intervenors and hearings that may not be specifically Environmental Assessment Board hearings. I am thinking of what you did on the liquefied natural gas facility, where you appointed someone from the environmental panel to another panel. Are you anticipating funding in those cases or, because this is under your vote on the Environmental Assessment Board, are you restricting it totally to environmental assessment hearings?

Hon. Mr. Bradley: No. I think it is safe to say that where there is a defined environmental component, we are prepared to provide funding in that regard. We are not going to provide the funding for a straight Ontario Energy Board hearing or a straight Ontario Municipal Board hearing, but where there is an environmental component that is identified, I would think the answer to that would have to be yes. It would be very narrow to limit it entirely and completely only to hearings under the Environmental Assessment Board. Where there is a joint board hearing, for instance, it would seem reasonable that there would be that kind of intervenor funding for the environmental component.

I know I am supposed to give the answers, but can I ask the two critics and other members of the committee for their views on the advantages and disadvantages of having proponent funding as compared to government funding?

Ms. Fish: With regard to the funding under joint board hearings, for example, one gets a joint board hearing only if you exercise some discretion, as in the case of the LNG, for example, to place a member on the OMB. What of those instances where you have not exercised your discretion to place an individual on a hearing board or where you have not ordered a joint board hearing but where the issues related to environmental impact are clearly left to what you

and I would probably describe as the usual hearing process?

Hon. Mr. Bradley: It is my understanding that a proponent can trigger a consolidated board hearing, for instance.

Ms. Fish: A proponent can, but not an objector; it is normally objectors who have applied for intervenor funding, and it is intervenor funding we are dealing with here and the criteria for it.

Hon. Mr. Bradley: They can make an application to the ministry, and we can evaluate it. What we have envisaged and dealt with so far have been those matters primarily under the control of the Environmental Assessment Board and/or joint board or consolidated board hearings, but others who felt there might be a component there could make an application and we could evaluate it. Until such time as we have a government-wide policy on intervenor funding, we are prepared to look at things on a case-by-case basis.

5:40 p.m.

Ms. Fish: Does that not bring us back to the problem of what kind of criteria you are exercising in the course of ministry-specific funding? In the absence of a government-wide policy, you have moved in a welcome fashion to provide a fund for environment intervention. You have clearly received applications and would want, I am sure, to have the existence of that fund known and to invite groups to come forward, so that citizens of this province, in expressing their concerns about the environmental impact of proposals, are not dissuaded from exercising their rights by virtue of a lack of dollars.

That brings us then to the question of the criteria you would ask those groups to meet to qualify for consideration. I realize these things are not simple checklists that are automatic, but what are the criteria to apply? Can we have that tabled for us? Can we have tabled the criteria for administration of moneys under this \$300,000 fund?

Hon. Mr. Bradley: We will attempt to get that.

To get back to the questioning, I am going to ask the member a question again. She does not have to answer them if she does not want to; ministers sometimes do not. I am interested in her views—both of the members and any members of the committee—on proponent funding as opposed to government funding of intervention.

Ms. Fish: I am interested in the assessment by the Attorney General of the Tricil contribution request and in the advice and consideration of the system impact of either approach, which I have every confidence his staff and the staff of the Ministry of the Attorney General have undertaken in preparing criteria for a broad, government-wide intervenor funding policy.

Mrs. Grier: I largely favour proponent funding but I am not sure we could have all one or all the other. Perhaps, even with a policy, we would still have to look at them on a case-by-case basis to some extent. A large part of that is going to depend on who decides in each case whether the intervenor funding is going to be awarded. I feel it is important that the decision not be made by a member of the panel that is going to be hearing the case.

In the case of the comprehensive policy the Attorney General is preparing, there has to be some thought given to having a broad panel that would have representatives from all the various bodies that might have a hearing when intervenor funding would be required—the Environmental Assessment Board, the Ontario Municipal Board, the Ontario Energy Board, the whole range of them—with one member from each of those boards being appointed and a selection of those members being the body that decides in each case what the form the intervenor funding should take and how much there should be and the basis on which it will be given within the criteria that are established.

Frequently, the arguments that are going to be made by objectors may not be considered adequate to justify funding by the hearing panel until after the hearing when it hears the arguments, so I think you ought not to allow the person who is going to be hearing the case to be the one who decides whether the argument is going to be funded.

Hon. Mr. Bradley: To this point, we have not done that. Mr. McLeod will clarify that for us.

Mrs. Grier: I am talking more of the general policy that I know is coming. I have had some discussions with the Attorney General on this.

Mr. McLeod: Perhaps we can clarify somewhat. Pending the formulation of a government-wide policy, what we are doing, and what is precisely at issue, I guess, in these estimates, is providing a fund of \$300,000 to the Environmental Assessment Board out of our ministry on the understanding that a member of the Environmental Assessment Board who will not be sitting in either a straight Environmental Assessment Board hearing or a consolidated hearing on the

hearing in question, will review an application for intervenor funding.

He will apply guidelines which we have worked out with the Environmental Assessment Board, guidelines which, as Mr. Mulvaney pointed out earlier, are based, in early origin at least, on the procedures in the Berger inquiry. They are also the product of our ministry in anticipation of our ministry contributing to the government's decision on the future, longer-term policy, and so we are really talking about its being in a gap or bridge situation. The clear intent is that since our ministry will often appear as a party to a hearing, it is a member of the board—during this interim stage, anyway—who should make that decision and, as I have said, a nonsitting member of the board, not the ministry or the board itself.

Mrs. Grier: That is the best way you can do it at this stage.

Mr. South: No matter what you come up with, the opponents should bear some of the cost. The people of the province are already bearing the costs in their support of the Ministry of the Environment, and the proponent is going to be faced with some of the cost. Whatever formula or schedule you come up with, some portion of the cost should be borne by the opponent. This will help to ensure that people do not oppose from a frivolous point of view or just to be obstructionist.

Hon. Mr. Bradley: I find, however, that it is always tough to define. In theory that sounds great. At least three of us here and perhaps some others who have sat on municipal council remember how at times we became frustrated with certain people who seemed to object to everything for the most minute of motives. They really did not have justification, one would have thought, but where do you draw the line? I was somewhat annoyed, I will say publicly, by a member of the Ontario Municipal Board who made some rather disparaging remarks about the Preservation of Agricultural Land Society a couple of months ago.

If we have to err, my belief is that we have to err on the side of caution in this regard and anticipate that people have justifiable objections. On the other hand, if you want to discourage a government at any level from providing intervenor funding, just have a lot of frivolous interventions and the opposition to it begins to build up. That was always a fear.

It seems to me the Ontario Municipal Board streamlined its procedures in this regard a few years back under the previous government.

There were some changes in those guidelines so that some of the cases which are so obviously frivolous are no longer dealt with by the Ontario Municipal Board.

Yet again, you do not want to sit there with penalties for them to such an extent that you discourage the average citizen. We had an individual in our community who has now passed on who intervened in a lot of things, including the courts, for those of you who might be lawyers around here. I can remember that I ended up once in one of those situations with her as a member of a community nurses' registry or something. It really became a problem around the town who was going to do these things and who was not.

I would say to the member for Frontenac-Addington (Mr. South) that we have to err on the side of providing funding for people as opposed to making it so strict that nobody is going to get the funding unless some all-powerful body determines ahead of time that he is entitled to it.

Ms. Fish: Would a group such as the PALS group, for example, be eligible under your fund?

Hon. Mr. Bradley: In a specific instance it could be in dealing with a hearing. Pollution Probe has certainly had intervenor funding before; and the Canadian Environmental Law Association has had it.

Ms. Fish: I am thinking of their application, which was, of course, an Ontario Municipal Board hearing.

Hon. Mr. Bradley: It would depend on the environmental component.

Ms. Fish: Those who might be intervening at the Ontario Municipal Board would be eligible to apply, for example?

Hon. Mr. Bradley: I would not say that now; no.

Ms. Fish: Perhaps we can pursue that when you bring the criteria to committee tomorrow, or perhaps next week.

5:50 p.m.

Hon. Mr. Bradley: That is a good idea.

Another thing that both of you touched on in your opening remarks was the whole problem of polychlorinated biphenyls in the province. You made reference to the regulation that deals with the mobile destruction of PCBs in the province. You will recall that the commission was set up under the chairmanship of Mary Munro, a member of the Environmental Assessment Board. I believe the member for Sarnia was the minister at the time. Interestingly enough, there was intervenor funding for that, which was helpful. They came up with a number of

recommendations. The stage we are at now is that the regulation has been proclaimed and we are receiving applications from proponents who want to become involved in the mobile destruction of PCBs.

One of the major departures we made from the recommendation in the report was that we called for hearings on an individual site-specific basis. Some became annoyed by that. The Canadian Environmental Law Association and certain other groups thought it was a good idea, but some people said it was overly restrictive. I thought we had to come down on the side of caution, permitting people at the local level to have a say in what was going to happen.

The most obvious case that arose and that brought it to a head, and I am not suggesting anything yet in the case, was the huge collection of PCBs at Smithville, the largest collection in the province. We had to deal with three kinds of PCBs. The easiest ones to deal with were the class 2 and class 3 ones, in particular the class 3 ones. You do not ordinarily get a great deal of objection to dealing with them. Public concern is expressed when you are going to incinerate them; in other words, the destruction takes place on site on a mobile basis.

For instance, many of the opponents at this time of the Ontario Waste Management Corp. site in West Lincoln think it is the only way to go, that we should send a mobile incinerator around the province incinerating everything. We are accepting them. Ontario Hydro has expressed an interest and is putting forward a proposal and others have put forward proposals. Where there is a collection of these, we are prepared to entertain that.

The member for Lakeshore asked, "Are you prepared to be the proponent?" In many cases, I think the proponent is quite obvious locally. There may be exceptional instances where we would be the proponent. Is there any further clarification? Would you like to be brought up to date on where we might do that and exactly where it is?

Mrs. Grier: I am interested in knowing how many applications you have received, for what classifications and whether you are aware of the location of all the PCBs in the province. My intention in suggesting you ought to be the proponent was for cases where there might well be reluctance on the part of the people who have them in storage. If it is stored, they think it is safe and they do not want to get into a public hassle by having a hearing. However, how do we know it will always be safe and what are you going to do

to encourage them to face the music and get rid of the PCBs?

Hon. Mr. Bradley: Perhaps Dennis Caplice will bring us up to date on exactly where we are. He is the assistant deputy minister, operations division. I can say in general terms that the first step is storage. One of the dilemmas we face is that people have come forward and said, "The most efficient way to do it is to gather them all in one, two, three or four places." When I ask them, "Would you like to tell us where those places would be?" they cannot tell us. This means we have to store them as securely as possible in various places around the province until such time as there is a central site. In some cases, it is not going to be economical to bring in these expensive units.

The class 3 PCBs are relatively easy to deal with. I was at the Prince Hotel the other day looking at two things, the trace atmospheric gas analyser vehicle that the company was selling and Ontario Hydro's facility for treatment of PCBs. It looked interesting and not at all difficult to deal with, but if you put an incinerator out there you may find a little reluctance. Mr. Caplice, will you bring us up to date on where we are with the regulation?

Mr. Caplice: Yes, Minister. I think we have to make a distinction between—

Hon. Mr. Bradley: That is the name of a television program, is it not?

Mr. Caplice: Yes, Minister.

Mrs. Grier: The similarities are enormous. I had already had that thought.

Mr. Caplice: As the minister has indicated, class 1 is the large, mobile PCB incinerators. We have not received any applications yet on that. We have some indication some companies are interested, particularly in the Smithville situation.

On class 2, which provides for the chemical destruction of the lower-level PCB waste, we have four applications currently before the ministry. We have an indication now that one of them, PPM Canada Inc., may be receiving approval by the end of July. There is another on which we have a series of questions.

Ontario Hydro's application for the class 2 treatment process is caught in environmental assessment, so it has a longer process to go through. Some people are deeming that a bit unfair, but according to the legislation, Hydro has to be caught in the Environmental Assessment Act.

There is another proposal from the Waterloo innovation centre. It is working out a licensing arrangement with another company in Tillsonburg. So we have four applications for class 2 systems.

Ms. Fish: Is that chemical cleaning?

Mr. Caplice: Yes. You are probably working at below 7,000 parts per million. In a class 3 situation, with which the hearing also dealt, they can be hooked up to transformers in situ. The oil would be cleaned, never really coming out of either the transformer or the system, and then go back into the transformer. That is a so-called class 3. We are not dealing with any applications for that.

Ms. Fish: Are the class 2 or class 3 systems subject to environmental assessment?

Mr. Caplice: No. According to the PCB hearings, they will not be subject to a hearing of any kind. There are notification and participation procedures we are working out. The parties and municipalities within which these systems will operate will be put on due notice.

Ms. Fish: Has the minister agreed the class 2s and class 3s will not be subject to environmental assessment?

Hon. Mr. Bradley: That is the correct answer. The commission indicated to us when it reported that it felt that was very routine. We require at least a public notification so it is not sprung on the people. It will not happen that suddenly in the middle of the night, in comes a unit that will clean out PCBs—I would use a kidney dialysis type of analogy there—and then disappear the next day. There will be notification.

The greatest criticism we received was for insisting on site-specific hearings under the Environmental Protection Act, along with technology-specific hearings for class 1. Apparently, there was input from the Canadian Environmental Law Association and Pollution Probe. The last I heard, they were relatively satisfied we had done the right thing and were delighted that we had insisted upon hearings in the class 1 situation.

I do not know how you can get around those hearings. I do not think it is wise to get around them, even though the commission itself, which did a thorough investigation, recommended there not be site-specific hearings but simply technology-specific ones.

Ms. Fish: Are these environmental assessment hearings site-specific in the class 1 category?

Hon. Mr. Bradley: They are both site-specific and technology-specific.

Ms. Fish: However, are they environmental assessment hearings?

Hon. Mr. Bradley: No. They are environmental protection, under part V of the Environmental Protection Act.

Ms. Fish: Will site-specific environmental protection hearings not be the case for low-level mobile destruction units?

Hon. Mr. Bradley: No. The site-specific hearing is simply for the highest-level destruction unit.

Ms. Fish: The public notification then becomes what: "Please note, we are coming in to clean this transformer chemically"?

Mr. Caplice: It will be an open house with some discussion at the municipal level and some participation on the part of the proponent. There is a set of procedures laid out that we feel would involve the community, the interest groups and the elected representatives.

Ms. Fish: Could it lead to a decision not to proceed? If so, who would have that authority? Who makes the decision to approve or disallow this low-level destruction?

6 p.m.

Hon. Mr. Bradley: Ultimately, the minister can say it shall not happen, if that is the case. The anticipation was that people would be delighted to get rid of them.

Mrs. Grier: Can you address my question on whether we are aware of all the PCB storage locations? When I asked for a list of those locations in my own riding, I was struck by what had happened during the past few years. There had been some movement to sites in other provinces, and I wondered whether that is still happening or whether other locations have been closed down to us in the past couple of years.

Mr. Caplice: To the best of my knowledge, there is little movement to other provinces. When Alberta had two sites, there was a fair amount of movement to Alberta.

Mrs. Grier: That has stopped, has it not?

Mr. Caplice: That has stopped since the incident in northwestern Ontario last year.

We have a solid inventory of the 11/82 storage sites. That is where PCB waste material has been removed from service and put in storage.

Mrs. Grier: Is 11/82 the number of sites?

Mr. Caplice: No, 11/82 is the regulation. We have those inventoried. With the assistance of

Environment Canada, we are looking at the need to inventory all the PCBs currently in use and in place in transformers and other operational sites. That covers a wide range of industries and public utilities. There is a quantified inventory as to that amount, which is large. Up to 40,000 tons were imported to Canada during the time the inventory was made. That would have to be a much more detailed inventory based on inspections carried out by various agencies that have access and with the full co-operation of industry.

The solid inventory is of PCB waste material that has been removed from service. We and the public know that full-top transformers owned by utilities and others all contain some PCBs in varying degrees. With regard to that inventory, we are looking at how we might approach that and we will soon be bringing it forward for the minister's consideration.

Mrs. Grier: Recently, there was an incident in Lakeshore where a company manufacturing transformers found that the ground around the plant was fairly heavily impregnated. I am talking about Federal Pioneer. I gather there will be excavation and storage of the badly contaminated soil. However, there does not appear to have been any testing of surrounding property to see where PCBs might have migrated.

I noticed storm-sewer construction work on the street fronting that property a couple of weeks ago. My assistant phoned the ministry and asked whether there had been any testing for migration to the street before the sewers were dug and was informed that was not possible. I wonder in how many other locations there might be spillage over the years and whether we know where the locations are.

Mr. Caplice: We have a solid inventory of where companies used the material in manufacturing processes or in various pieces of electrical equipment. We went through the situation with Canadian General Electric on Lansdowne Avenue, as well as with Federal Pioneer to which you referred. There was also Ferranti-Packard in the minister's riding and there are others.

We are looking at making an inventory of the soil conditions where we suspect those materials were lost. If construction is to go on, i.e., through decommissioning or sale of the plant, we will try to make sure, by discussion with the company, that appropriate steps are taken to clean it up.

Mrs. Grier: Have you tested at all those locations?

Mr. Caplice: We have tested a large number of them. I do not know about the incident you

spoke of in connection with municipal sewage going in.

Mrs. Grier: I think a watermain was going in.

Mr. Caplice: I will make an inquiry about that watermain.

Mrs. Grier: I am trying to assure myself that in those locations where there might have been similar instances, testing has occurred or is planned so we will not be surprised to find a heavy concentration somewhere else.

Mr. Caplice: The biggest cleanup we did last year was Pottersburg Creek in London, Ontario, where the material had migrated well off the premises of the three suspected companies. Most of that material has now been removed from the creek and put in temporary storage pending an ultimate solution to its disposal.

Mrs. Grier: Are the proposals we now have for incineration or any other method of disposal sufficient to cover a case such as Federal Pioneer where a lot of contaminated earth is now put in storage? Does that mean we are putting it in storage for ever or do we have a procedure whereby we can dispose of it?

Mr. Caplice: Incineration will look after that.

Mrs. Grier: Do we have the capability for that capacity of incineration?

Mr. Caplice: Yes, subject to it being approved.

Hon. Mr. Bradley: I always have to watch myself on these matters so as not to prejudice the case, because the Environmental Assessment Board deals with them. However, one of the Ontario Waste Management Corp. proposals made by Dr. Chant, wherever it may be located in the province and whatever facility may ultimately exist, is for a rotary kiln that might deal with these substances. Ironically, I say this just as the member for Lincoln (Mr. Andrewes) is walking by.

That still has to be justified by Dr. Chant, but it deals with volumes you are talking about, because contaminated soil is as much a problem as anything, not just the liquid itself.

Ms. Fish: I was about to ask a question on exactly what the minister touched on at the close of his remarks, namely, contaminated soil.

There was a case in my riding, which I think has now been satisfactorily resolved, but which had the potential for being rather disappointing. An old tire factory had been marked for demolition and reconstruction as part of a community centre. It had not previously been identified as a site for storage or handling of

PCBs, but PCBs were identified in some considerable amount on the site by virtue of the waste going into the soil and materials, with the potential for being disturbed in the course of demolition.

I am very pleased with the work of the officials of your ministry, among others, who have the matter well in hand. I believe we will be able to proceed quite nicely with a safe redevelopment site for a community centre.

I wonder what sort of testing, if any, is done on a regular basis with similar sites that have been industrial and have been used for the manufactured materials, where we reckon there might be PCBs remaining or where the materials have been handled and we believe PCBs might be there. How do we now identify those sites in our system? How do we satisfy ourselves that we do not have a problem of stored waste PCBs in this area?

Hon. Mr. Bradley: I will ask Dennis to elaborate on this in a moment.

Interestingly enough, one source that people probably do not think of very often is older, retired workers who will report to the Ministry of the Environment—and this is the good thing about the fact that we have a high public sensitivity to environmental issues. They are saying, for example, “I used to work in the factory, and we used to dump the waste out the back door.”

There are all the old electrical places, and so on. You mentioned Ferranti-Packard in St. Catharines. If there are transformers on the property and you hear the old stories of people who used to wash themselves in PCBs up to their arms, and so on, you know there have to be PCBs on that property. That is one interesting way we now find out a heck of a lot about the way wastes were disposed of in the past, but we have also done an inventory, as you may recall.

Dennis can elaborate further on identification of those sites and on testing as well, which Ms. Fish wanted to know about.

Mr. Caplice: Ms. Fish has raised the whole issue of site decommissioning. We now have a policy in our policy manual, relating to the decommissioning of all kinds of facilities.

What we are seeing in Ontario, interestingly enough, is a period when many sites are being redeveloped. The ministry is dealing with Shell Canada in Oakville, as the best example. I have been around the ministry long enough that I was there when they built it. I appeared at an Ontario Municipal Board hearing when it went through its rezoning.

Ms. Fish: That is a few short years ago, I am sure.

6:10 p.m.

Mr. Caplice: That is right. We are the old guys in that sense.

We have now come full circle, 20-plus years, and it has been decommissioned. It is now demolished and it is down now as an oil refinery. There is a large effort being put into the decommissioning by Shell because it has rezoning applications it wants to go through. It is looking at commercial redevelopment, and even at some first-class residential development on parts of the site.

They are expending no end of money and effort to ensure that the site is clean after its previous uses, either in the tank farm sense or in the actual places where the oil refinery itself sat. Nobody is going to touch the site unless that can be demonstrated. There are many holes being drilled, many tests being done and a monthly report being issued through our central region people about that kind of thing.

That is becoming almost the norm in parts of North America, because developers sometimes like those sites. Sometimes they are inner-city sites; sometimes they are highly desirable for other purposes. However, they are beginning to recognize that they can buy a pig in a poke, if you want to put it that way. They can buy something, not thoroughly understanding the uses that land was put to in the past or the practices relating to the disposal of material.

We are also working with the federal government in that regard. It has a decommissioning task force. Mr. Barney Singh from our ministry is on it, bringing to it our experience in Ontario. We hope a set of federal guidelines will come out very shortly on the whole process of decommissioning industrial sites.

We have gone through the controversial closure of the tannery in Kingston, in Mr. Norton's old riding. We are facing a hard look this week at the announcement in Acton that the Beardmore tannery is closing, after many years of operation there. We now have to look at the sites on that land, where much of the material was stored and treated, to see how that is going to be handled. We are in a period where, granted, we are learning, but we do have a policy in place in the ministry and I can bring it to you. We are heading towards an ability to deal with the many decommissionings we will be facing in the years ahead.

Ms. Fish: When a particular use has been long-standing and its actual process is known,

refining or whatever it might be, that is an excellent trigger to go in and do the testing. What happens when that level of detail is not quite clear but you know the site in question has been the subject of heavy industrial use and may well have been the subject of handling of materials with a variety of toxic substances, only one of which might be PCBs, if not an actual product or byproduct?

How is the question of testing for those now handled? What is the trigger? Who does it and, from that, how does one make the judgements for containment or removal? I am looking in particular at sites where the proponent might not be quite so enthusiastic about exploring all those questions voluntarily because they may have a direct impact upon market value.

Hon. Mr. Bradley: Dennis, what procedure do we follow in that case?

Mr. Caplice: The procedure right now is just the knowledge base we have, and it is a considerable knowledge base built over years of looking at industry and locations. When something occurs, such as the closure of Beardmore in Acton the other day, we are on to that. Granted, there is no foolproof way of saying that all properties moving from one use to another in Ontario can be and are caught.

We are seeing some properties being developed now for certain purposes where the transaction or change perhaps took place in the 1950s or 1940s. One we will be discussing with the minister tomorrow has to do with the regional municipality of Ottawa-Carleton. There is an old gasworks there which has not really functioned as a gasworks, generating gas from coal, since 1956. However, lo and behold, in 1984, the regional municipality built itself a transitway which you submerge. The transitway is a place for buses to stop and drop passengers in a rapid transit network to serve Ottawa. They put in a pumping station to dewater the transitway so that passengers can get on and off the buses free of water.

They have now discovered that they sank the pumping stations and water facilities low enough in the water table to probably pull in some of the coal tars from the old gasworks. They are clearly responsible; it is their property.

It is interesting that the property went from the gasworks to Consumers Gas, the Ministry of Transportation and Communications and now the regional municipality. They told the minister they would like to see us share in the costs of ensuring that this cleanup takes place properly.

Hon. Mr. Bradley: See whether you can guess what proportion they would like to share.

Ms. Fish: I would say 75 to 25.

Mr. Caplice: To their credit, so far they have spent about \$2 million handling this problem. They have it contained. They have some onsite separation, some carbon filtration, with the water directed to the sewage treatment plant and the oils they are collecting directed to Tricil. Nobody could have foreseen that situation.

As they go through the hydrogeological studies with their consultant, they are finding some of the old gas tanks still in the ground.

Ms. Fish: Is that a situation where, if it had been known earlier, you would not only test but also undertake a broader environmental assessment?

Mr. Caplice: Yes. I see the whole of Canada and particularly Ontario moving towards that. I have become highly sensitized to rollovers, as I call them. I would advise a prospective buyer to take a look at past uses before buying an old site in any given city and to try to find out exactly what went on. If you cannot pin that down, ask the person selling the property to do some drilling to see what is there, if you are suspicious.

On the other hand, the state of New Jersey has gone as far as legislating that nothing can be completed in a transaction of an industrial site to a new owner unless a full environmental audit is filed stating what material might be on the site. They have had enough incidents in the United States.

Ms. Fish: That would be a potential first step to assess whether they felt an environmental assessment report—

Mr. Caplice: Yes. That is a real-estate salesman's nightmare.

Ms. Fish: Have you acquired an environmental audit of the railway lands?

Hon. Mr. Bradley: We have done some exploratory work on the railway lands to determine what is there. We will be advising any proponent who might be successful in receiving Ontario Municipal Board approval to proceed on how to deal with any waste that might be found.

Ms. Fish: Will you make that information public?

Mr. Caplice: Yes.

Ms. Fish: Will you table that information for us?

Mr. Caplice: Sure.

Mrs. Grier: How far back did you go when you made that assessment? I presume there is a

long history of industrial development on that location.

Ms. Fish: About 150 years.

Mr. Caplice: We have the history of the St. Lawrence housing, the Metro Toronto Convention Centre and some of the Harbourfront development. We are not without knowledge of what has been in place down there. There are two reports paid for by the railways: the DeLCan report, which is an overview of the railway lands, the big parcel as they are known, and one on the so-called precinct in which the dome is being developed. That has been studied by consultants in depth on behalf of the railways.

Both those reports are available and have been studied in depth. There is a lot of information on drill holes and what they found there.

6:20 p.m.

Ms. Fish: Would you call that an environmental audit of what is located on the site?

Mr. Caplice: I would call it an environmental study of the soil conditions within which it is proposed to build a particular entity, namely the dome. The plan before the OMB now is that precinct-by-precinct, as those lands are developed, should they be approved, it will be the responsibility of the individual developer on the particular precinct he purchases.

Ms. Fish: What will be the responsibility?

Mr. Caplice: To find out and go through the environmental studies as a condition of development in relation to the city's plan.

Mrs. Grier: What restrictions on excavation and dumping have you placed on the use of the land, in view of what your assessments have shown?

Mr. Caplice: We have not placed any restrictions. Based on the evidence currently available, developments such as the domed stadium can be properly managed and handled. Just as with the convention-centre development, where we had to take certain of those soils to approved landfill sites while others could remain on site, that would be a judgement call based on the site inspection that will go on as excavation goes on.

There has been development on the waterfront lands for a number of years and we have a pretty good history from the St. Lawrence development, which went ahead. There was a lot of concern there, but it was managed properly. Similarly, with the convention centre, it was managed properly.

The CBC has a proposal north of those lands, and some of those are also fill lands of years gone by.

Ms. Fish: They are all fill.

Mr. Caplice: But we are not coming across polychlorinated biphenyls and those kinds of things.

Ms. Fish: Are you not coming across any toxic materials?

Mr. Caplice: There are some metals and some other things there.

Ms. Fish: What about testing in the areas that would be converted to class 1 residential use?

Mr. Caplice: Where? On the railway lines?

Ms. Fish: Sure. You were talking about site-specific analyses for the area to be taken up by the amusement proposal. What about the area to be taken up by the residential proposal?

Mr. Caplice: There are none currently there. As far as I know, the precinct that is proposed and is now part of this hearing is the domed stadium precinct.

Ms. Fish: Has the ministry neither done nor required any environmental audit of the areas now under discussion at the OMB for residential development?

Mr. Caplice: We have taken part in the development of the part 2 official plan amendment going through.

It has been the staff opinion that the precautions in that plan proposed by the city, which would be conditional on individual precinct developments, are adequate to look after that aspect; i.e., the environmental studies will be undertaken and the soil conditions determined. We are not of the opinion, however, that we are going to come upon situations down there that cannot be handled.

Ms. Fish: So you are satisfied that a predecision permitting residential development can safely be made in the absence of the environmental testing of the soils on which residential development is to occur.

Mr. Caplice: That is a question partly before the OMB right now.

Ms. Fish: But the OMB is dealing with the planning question. I am dealing here with the environmental testing question.

Mr. Caplice: I do not purport to be an expert on all the information currently packaged and before the board, but I am satisfied that based on my knowledge, the history of development down there points to the fact that the problems—and, yes, there are some—can be adequately managed with effort and study.

Hon. Mr. Bradley: Before a specific development takes place—and you have to have official

plan approval—there would surely have to be adequate testing and study before it could proceed.

Mr. Caplice: Yes.

Ms. Fish: If a part 2 plan is approved and the zoning is in place, there may or may not be the need for a site plan agreement. Are we saying that, notwithstanding a part 2 approval, there would be a site-specific review, so that it is really not a part 2 approval in the normal sense? Why do you not get into this? It is not really the normal process or part 2 approval that would generally occur elsewhere; it is a tentative approval only, subject to a later, specific review, is it not?

Mr. Caplice: I am not intimately involved in the planning legislation side of it. I understand there is an agreement in a proposal the city has before the board to ensure that as each precinct is developed for any particular use, although the use pattern is not fully defined, it will be preceded by in-depth environmental study.

Ms. Fish: Are those in-depth environmental studies a precondition you established? Is there a trigger for you to review the findings of those studies and determine, from an environmental perspective, whether the proposal should proceed?

Hon. Mr. Bradley: I understand that a good environmental agreement has been written between the city of Toronto and CN which comes into effect when they get the go-ahead. There has been a study by—

Ms. Fish: What would take place at that time? The agreement overrides your discretion as minister? I am sorry; I do not quite understand.

Hon. Mr. Bradley: The understanding is that, when the city was discussing it with CP, there would be an agreement, referred to by Dennis Caplice, precinct by precinct. They would determine whether it was environmentally safe to

proceed in terms of soil testing, taking into consideration the history of that area, the testing that would take place and the general knowledge of the area. That would have to be approved before a specific precinct could be proceeded with. Any elaboration on that, Dennis?

Mr. Caplice: No. That is correct. There are two applications before the board, although I have not been following this day by day as others have. There is the railway lands official plan amendment in total and then there is the particular amendment relating to the precinct known as the dome precinct. That is the one where the IBI Group, on behalf of the railways, filed with the board some in-depth information relating to the soil conditions encountered there.

Ms. Fish: I am mindful of the clock, Mr. Chairman, but perhaps we could pursue some of these discussions on this case with an understanding of the trigger for provincial intervention and the exercise of the minister's discretion in future years on this proposal.

Mr. Chairman: Are there any quick points to be made before we adjourn? If not, we adjourn on vote 1801 and we will recommence tomorrow after routine proceedings.

Ms. Fish: Did we carry vote 1801?

Mr. Chairman: No. We will discuss it again.

Mrs. Grier: The minister had mentioned the date on which Dr. Chant was coming. Has that been confirmed?

Hon. Mr. Bradley: If it is acceptable to members of the committee, Dr. Chant can be available either this Thursday or next Thursday. It was thought to be more reasonable next Thursday so members tied up in certain legislation before the House might have a chance to question him.

The committee adjourned at 6:30 p.m.

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No. R-3

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Thursday, June 19, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, June 19, 1986

The committee met at 4:56 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 1801, ministry administration program:

Mr. Chairman: The resources committee finally will come to order. We apologize to the people who have been waiting all afternoon. I think they understand the process was out of our hands. When we adjourned yesterday—it seems longer than that—we were still on vote 1801.

Hon. Mr. Bradley: Is that not a surprise?

Mr. Chairman: I believe the minister was responding.

Hon. Mr. Bradley: It is interesting how long one stays on vote 1801 or whatever the vote happens to be. My memory is still vivid from the past so I can recall this. I thought we might make up some time today, but obviously we have not.

One of the issues both of you touched on is quite important and is going to be a major decision for a lot of jurisdictions. It was prompted somewhat by the Kate Davies report and other reports. It is what we are going to do about incineration in our province and in other jurisdictions. There are Kate Davies and Dr. Hallett. Pollution Probe has met with me concerning this and has made known its views publicly. Those who have come forward with this report see a concern about incineration, particularly about garbage incineration. They see it as a major problem. It seems that wherever I go around the province, I find people who do not want landfill sites and who suggest to me that they should have incinerators; then where there is a proposed incinerator, people say that landfill is the answer.

The member for Lakeshore (Mrs. Grier) asked me a question in the House about this and got her usual detailed and accurate answer.

Mrs. Grier: What day was that?

Hon. Mr. Bradley: Interestingly enough, the person in the chair at the time was the member for Oxford (Mr. Treleaven) whose riding was faced with the dilemma of a controversial landfill site.

As we look at the potential for looking after garbage in the future, we get into the question of just how we are going to do it. The greatest concern does not, interestingly enough, appear to be with industrial incinerators because of the kinds of things burned in them; they are things that burn easily. The temperatures can be got up. Even though I think we should all have a concern about them, the greatest concern seems to be focused more on the burning of garbage, largely because of the efficiencies one can look for with garbage incinerators; in other words, the temperatures one can sustain and so on. Also, one is dealing with a multiplicity of products when burning garbage. Both factors are always of some concern.

At present in the United States and much more so in Europe—Europe did not have much choice in many areas and put just about all its eggs in the incineration basket. Although there have been suggestions Sweden was pulling back, Sweden has not pulled back as far as people think. As a result, some would say the food basket has been contaminated by incinerators.

As minister, I am reviewing the future of incinerators very carefully. We have always wanted to have, and now require on all new incinerators, the best available technology. The baghouses, the wet scrubbers and so on are very helpful. Some still say that is not good enough, that one must eliminate all incinerators, in the future at least, and upgrade those that are there now. Our ministry is in the process at this time of re-evaluating that policy, of looking at it carefully and attempting to find at all times the best available technology. We have had some discussions about the one in Prince Edward Island, which is considered by a lot of people around the world to be very good. We have looked at one in Japan; it shows a lot of promise.

We have watched with some concern and initiated some intervention as the city of Detroit has planned an incinerator that does not use what we feel is the best available technology. We have made our concern about that known to the state of Michigan. We have invoked the accord we have with Michigan. As well, we have made representations to the United States Environmental Protection Agency concerning the technology that will be there.

They say that before the incinerator actually starts burning garbage and putting out emissions, they will retrofit it. Our preference, as the Premier has stated to the governor of Michigan, is that it be placed there at the very beginning. On the representations we have made, that others in the United States have made and that the government of Canada has made, the indication is that the EPA is in a blocking position at present. It is going to get a very rough ride from the EPA. We have indicated that we are prepared to become involved in any of those hearings or if necessary in any court case, preferably in conjunction with Americans. If we can coalesce with American groups, we find that is superior.

On the incineration issue, that all ties in with our review of regulation 308, which you have heard me refer to from time to time, including in the initial remarks. That is our 18-year-old air emission regulation, which we are reviewing. It is with full consultation not only with those in industry and with municipalities—in other words, with those who would be using any of the stacks—but also with environmental groups, the general public, scientists, engineers and so on. We want to get an appropriate reaction to any of the proposals we have and then come forward with what we think will be a top-notch regulation that, as I indicated in my initial remarks and on other occasions, will take into consideration something other than just the point of impingement, which has been the measurement in the past.

We think it is important to know what is coming out the end of the stack. Dispersion factors should not be given the weight they have been given in the past, just as in the water regulation it is my view that the dilution factors should not be given the kind of consideration they were given in the past because of the number of items coming out. You may have further comments on that.

Mrs. Grier: Before we move away from the question of incinerators, I am not clear from the minister's remarks what response he intends to make to the request from Pollution Probe for a moratorium on incinerators.

Hon. Mr. Bradley: I know the member for Lakeshore would not want me to be so unkind to Pollution Probe as to reveal in detailed form to others, before I do to Pollution Probe, what the response will be.

Mrs. Grier: There is no problem with you revealing it.

Hon. Mr. Bradley: My remarks today indicate that we are conducting a review of the

incineration policy from top to bottom, so to speak, and that their letter and other reports have given us reason to pause. I will be replying to them shortly in detail as to what we will be doing. Before these estimates are out, I can assure the member the answer will be there.

Mrs. Grier: The other question I would like to pose is that in all these discussions, the minister talks about landfill and incineration. What has all the effort to establish recycling councils and to talk about that alternative produced? Are there any reports or figures that indicate what the potential amount of recycling is in areas such as Oxford, which you talked about. There is the Metro area and then there are the rural areas. What studies have been done that would indicate the potential for recycling and when might we expect to see some action on it?

Hon. Mr. Bradley: I suppose one looks at recycling in three different areas rather than in two. The first is the rural areas, the second is an area such as Kitchener, St. Catharines or London and the third is an area such as Metropolitan Toronto. I go back to the apartment building situation where source separation becomes a different problem—I am not saying it cannot be confronted—in Metropolitan Toronto which has a lot of high-rises compared with St. Catharines which does not have a lot of high-rises, in terms of the level and rate of participation.

That is the third component in the dilemma we deal with as to what we do with our garbage. There are many who say it is optimistic to say that one would have 15 per cent recycling. In a good program, I think one can achieve 15 per cent recycling, in particular with source separation. People are environmentally conscious enough that they are prepared to use the blue boxes, as they call them in many communities, where they actually separate their stuff to have it picked up.

The old Boy Scouts situation, which some churches still use, works to a certain extent but they usually ask you to bring it to a central depot. That is with newspapers, bottles and things of that nature. I agree with the member for Lakeshore that there is a market for it for the most part. Unfortunately, the market seems to go up and down with many of these products. That is what is discouraging to some of them.

Our recycling program now will provide for a five-year, as opposed to a three-year program of assistance. There will be more money for it. To elaborate on that we have Bill Balfour of the ministry. Perhaps Bill will come up and answer any specific questions you have related to recycling. The member identifies something that

we in North America have not been as good at as have the Europeans, the Japanese and so on, who have been forced to recycle. There is also a situation, if I am not incorrect, where there are packaging laws in Europe that deal differently with this.

Mrs. Grier: Perhaps I can pose one specific question and you can include it in the answer. My concern is with Metropolitan Toronto. From my conversations with Metro officials and city officials at the area municipalities, the big impediment appears to be the requirement for Metropolitan Toronto that there be a standard fee to all the area municipalities for disposal of garbage, with no incentive that would encourage the area municipalities to send less to Metro for disposal and to recycle more. I would like to know whether ministry officials have had any discussions with Metro about that and whether there is any way your ministry, working with Metro works department, can overcome that roadblock.

5:10 p.m.

Hon. Mr. Bradley: I will start off by saying that is a problem we have all identified in discussing it with municipalities in Metropolitan Toronto. For instance, I met with one individual who said: "There really is not a plus in it for us. We do not get any break by doing it. In essence, it takes the goodwill of our municipality and our people to undertake this." Is there anything to that, Bill?

Mr. Balfour: In the past year Metro Toronto has made two fairly large steps. One is the provision of a \$5 per ton credit to area municipalities that recycle. It is not a lot of money, but it is a step. The second thing is that a recycling co-ordinator has been hired at the Metro level, which gives us a vehicle to talk about the programs. You have hit on an important barrier, that the area municipalities do not own the landfill; Metro does. They do not have as direct an incentive to keep wastes out of the landfills.

Mrs. Grier: The other municipalities feel they need \$15 per ton for that incentive. Is there any way Metro can be encouraged to provide that level or is there any help through your grant programs that can subsidize the area municipalities?

Mr. Balfour: The answer is yes in both cases. We talk to Metro regularly about that. The programs we fund are contingent on municipal money and that in turn puts pressure on Metro to up the ante. The other important thing that is

happening is that Metro is embarking on a waste master plan, a long-term look at its management needs. That requires a thorough look at all the alternatives to landfilling. It will all come together in the near future in that respect.

Hon. Mr. Bradley: When you talk about recycling, with each of the waste management plans that people are developing around the province, recycling is one of the components they look at in terms of their total garbage disposal policy. To go back to the incineration dilemma we get into, for instance, in the area around Pauzé, the Simcoe area, some of the people are saying, "The incinerator is the answer for us. We have had an unfortunate experience with the Perkinsfield landfill at the Pauzé landfill site. We feel incineration would solve that problem."

The North Simcoe Waste Management Association has looked at several sites to express a preference. You get into the dilemma that sometimes the preference expressed will be on prime agricultural land. We have people from the farm areas who say, "You should try to avoid prime agricultural land as much as possible." Often that is the very land that has the best clays for a landfill site. You get into the dilemma of what to use as a landfill site as opposed to incineration.

You can see why I have not rushed into the Legislature to say that we are going to end all incinerators and close them down or that the ones actually in the process now can be easily stopped when people are constantly saying they are the solution. They say, "We have no choice in this world." It sounds like an awful choice when they put it to you and say, "Our choice is poisoning our ground water or poisoning our air." I do not think any of us here would consider either of the two to be an acceptable choice.

That is where you run into a roadblock in cutting off any of the specific options you can allow municipalities to look at. However, I understand why people are concerned about incinerators when there have been problems encountered in the past with the solid waste reduction unit. A retrofit has gone on to alleviate that particular problem. There are those who think that the best of emission standards is not acceptable and that we should not produce it in Ontario. Then you look across the border where they are doing exactly the same thing, incinerating garbage; even some of our garbage as a matter of fact in some places on the other side of the border.

This is the dilemma we are faced with. David Balsillie has been involved in the process of regulation 308 and might be able to tell us where that is and what the process is.

Mr. Haggerty: I listened to the previous speaker on the topic of municipal waste disposal by incineration. I believe the select committee on hydro has looked at the situation in the United States and we are suggesting in our report that cogeneration is one of the answers to burn municipal waste which produces a byproduct, electricity, which would benefit all of us.

I may suggest to the minister that before any clear decision is made on what direction his ministry will go, that it take a close look at the recommendation of the select committee on hydro because that is one of the areas they considered. Because they do not have to get into the area of building nuclear plants, it has been of great assistance to them.

I am sure the minister is aware that some garbage is taken from Ontario to a waste disposal site in Niagara Falls, New York which is used for cogeneration purposes. It may not be the best way to dispose of it but there are problems with nearly every municipal waste disposal method that is used, problems with agricultural lands or farm lands or burying it in soil of some type.

I suggest a few years down the road these problems will come home to roost. There are problems with the previous waste disposal sites in municipalities.

Mr. Chairman: That is a supplementary statement rather than a question.

Mr. Haggerty: I thought it was good. Just following with what the member for Lakeshore (Mrs. Grier) suggested, perhaps the area of cogeneration is one to which the minister will have to give consideration, provided suitable scrubbers are put in.

Hon. Mr. Bradley: It has to be evaluated again in the context of the latest problems that have been identified with incinerators all around the world. That was embraced with great enthusiasm for many years and I think there is a need for a pause to take good look at that potential. They continue to develop their programs but there are problems that can arise from that. I must tell the member it is not as easy as that. I understand he is saying that in the Niagara region where he is from, they have had some problems with landfill sites as has everybody else. I know nobody wants them. I know the regional municipality of Niagara was involved in a program where they were talking about cogeneration, where they were going to produce

energy from heat at Ontario Paper. There was a lot of discussion of that. What has happened is that rather than for environmental reasons, but for cost reasons many of these people have taken a second look at that.

While it is there as an option and the Ministry of Energy is very interested, it has to be done in the context of incinerators that are acceptable in terms of the technology. We cannot forge ahead if we find that we are filling the air with contaminants that are going to end up in our food chain.

Dr. Balsillie: The minister has asked me to review the status of regulation 308 and the ministry's review of that regulation. As was stated in the opening remarks, this was a regulation which was brought forward in the late 1960s and embraced the point of impingement philosophy. Within the Ministry of the Environment, we embarked upon a total review of that regulation and subsequently looked at alternatives and changes to that.

In November 1985, we held a workshop at a local hotel in Toronto, bringing together representatives of groups that had a distinct interest in and knowledge of regulation 308 and its application. That included industries, interest groups, lawyers, academics and consultants. They sat down for two days at a free-wheeling workshop in order to review the ministry's review of the existing regulation and give us some ideas as to where those groups thought we ought to move on those particular topics. The transcripts from that workshop have been produced and they were distributed early in May of this year to those members who were at the workshop itself and to other interested parties who we know were keenly interested in the redevelopment of regulation 308.

5:20 p.m.

We are now waiting for a comment period, for our people to write back to us with regard to any thoughts or ideas which have come to them in the meantime and we are in the process now of developing a green paper or a position paper to outline the options that would be available to us in the new regulation. That green paper will be produced some time this summer, and that will go out for a 60-day comment period.

Part of the existing regulation has the dispersion models within it, the computer models which are used for calculating the point of impingement concentrations or determining the dispersion of pollutants that are emitted into the air. Those models are not up-to-date models. They only take into account what we call C and D

stabilities, which are the middle ground—they are not the very stagnant-type conditions, and they are not the very turbulent-type conditions—so we need to have some changes there. They do not take into account large topographical features such as ridges and hill situations. They do not take into account the lakeshore effect of being along one of the Great Lakes, and so we have had to institute new models and different models.

A workshop of 20 to 25 very specific people who know and use the models on a regular basis is going to be held next week. We are going to put forward the proposed models that would be incorporated into the new regulation, to see the impact of using those models on existing industries, with regard to depiction of their worst-case dispersion situations.

Following the discussion on the models and the comment period on the green paper, we will move forward with a draft regulation, and I hope that will come out in the late fall. We will have a series of public meetings where we will go around the province, probably to the six regional centres of the Ministry of the Environment. We will provide an opportunity for explanation of the draft legislation, and there will be a comment period on that. If the comments are not too different from what we get on the green paper, we will probably move directly to a regulation, which will be carried through. If there are a lot of changes and we get negative feedback, we will have to look at a final draft before going to the regulation itself. We are hoping the whole process will be finished by March or April of 1987.

Mr. Chairman: Thank you. There are still a couple of people on the list. Ms. Fish is first. Did you want to proceed now with your questions?

Ms. Fish: Yes, I would be pleased to.

Mrs. Grier: Mr. Chairman, can I have a supplementary on that response? Is that permissible?

Mr. Chairman: Yes.

Mrs. Grier: I just needed a little broader explanation of the concerns the ministry anticipates receiving from this circulation and the modifications it might make as a result of them. Does it anticipate getting the effect on industry and the impact on it as a concern?

Dr. Balsillie: Yes.

Mrs. Grier: Do I take it from what you say that then is going to be the primary criterion taken into account in determining the regulation, or is there an ideal regulation that is going to result in

no contamination and that is what the ministry is working towards?

Dr. Balsillie: What we are working toward is a better way of limiting emissions of contaminants into the atmosphere. Obviously we are going to get indications from one side that we are not stringent enough, and we will get indications from the other side that we are too stringent. We will have to combine this information. We will have to look at available technology, and in some cases we will have to look at the economics of application of that technology.

In certain cases, we will have to look at contaminants that should not be emitted into the environment at all. Therefore, we have to look at process change and elimination of those compounds. Some compounds have to be restricted as much as possible, so it is possible we would go to something we call lowest achievable emission rate or LAER. In other cases, we might look at best available or best practical technologies. These would be containment-type requirements. The suitable mix has not been determined, the process is still open, and we hope to get positive comments back from all sectors.

Ms. Fish: Perhaps I should have done this straight off the the top of our session, but I did not. I wonder if I can take a moment of the committee's time now to understand when the minister will be tabling some of the information he has indicated he would table at committee. I can think of three immediately—

Mr. Chairman: Ms. Fish, we are having trouble picking you up on the mike.

Ms. Fish: I can think of three items immediately. There is my request for the information on pesticides and the listing of waste dump sites considered to be existing or potential problems. Wouldn't you know? There I was with three, and I immediately forgot what the third was.

Hon. Mr. Bradley: Was it intervenor funding criteria?

Ms. Fish: Intervenor funding criteria was exactly it. There were other pieces of information that the minister had indicated he might get back to us on, but those were three that he specifically indicated he would table with the committee. I know I would like to be able to have them early enough in the estimates to digest and understand the information we are given.

Hon. Mr. Bradley: I think that is fair. I know we have the intervenor funding one available, and I will make sure the member has that today.

Do we have that specific pesticides information right here today? I think the member for St.

George (Ms. Fish) has a legitimate request that we have that at the earliest opportunity. Can the member recall precisely what it was?

Ms. Fish: It was those pesticides approved in the last year and added to the regulation which do not carry a positive recommendation from National Health and Welfare and which carry a warning about not being used by women of childbearing years.

Hon. Mr. Bradley: That is very straightforward. We should be able to get that at an early opportunity.

The list of waste sites, dumps—

Ms. Fish: That was in part a discussion in which the member for Lakeshore had also indicated an interest.

Mrs. Grier: What I was hoping for is a list, as the member for St. George has phrased it, of dump sites where there are problems and the priority being given to their solutions.

Dr. Balsillie: We do have an inventory of waste sites across the province, and we will be prepared to give that to the committee before next Wednesday's meeting. Mr. Gotts, the director of the waste management branch, will be back from the meeting he is attending this week, and he will be available to discuss waste management issues with you next Wednesday afternoon.

Ms. Fish: That sounds good. Can I ask whether that will be on the waste management issue principally surrounding the dump sites and landfill sites?

I was also interested in pursuing the discussion on the water and sewer grants. What is the logical order there? Is it sensible to let discussion flow from the waste sites into some of the water and sewer discussion, or does it not matter in terms of the staff that is here?

Hon. Mr. Bradley: Actually two separate people will be dealing with that.

Ms. Fish: That I realize. I meant in terms of the soft areas, that we will get a little bit of overlap.

Hon. Mr. Bradley: Irv McIntyre is here today to answer some questions.

Ms. Fish: Depending on where we get to. If it is not a concern, then it will just come up in the normal course. My thought was that it was asked the other day—

Hon. Mr. Bradley: You may wish to direct some questions to him that the committee might be prepared to have directed because he will be departing for England as of Friday night. It might be good to snaffle him.

Ms. Fish: My questions are already on the tape. They deal with issues of the flow of money this year, regardless of matching federal dollars, and the percentage of the \$30-billion problem that will be dealt with in this year's allocation.

Hon. Mr. Bradley: We will get that information. Was there anything else on regulation 308 that either of the members had in terms of the procedure, following what we are looking at and so on?

5:30 p.m.

Ms. Fish: I would be interested in seeing the green paper when it comes out. I assume that is going to your mailing list.

Hon. Mr. Bradley: Yes. I think we pretty well answered the question of the member for Erie (Mr. Haggerty) in terms of energy from waste. I know that the Minister of Energy (Mr. Kerrio) will probably be asked the same question in his estimates about energy from waste. I would say that Hydro and, perhaps more so than Hydro, the Ministry of Energy itself continues to have an interest, without a doubt, in energy from waste. I do not think we can assume that interest is going to go away, for a couple of reasons. In some cases, there are areas that want to get rid of waste products. They are still going to be interested.

I heard the question in the House the other day from the member for Guelph, the one in the Wellington riding. He was asking about the one in Guelph. He was saying one of the potential solutions to the problem in Wellington county was an incinerator at the University of Guelph. I know the members from all parties in the area seem to be relatively interested in that. The members heard me give a careful answer to him. By the way, that was not a question I was anticipating in the House, as members may have been able to detect, but it is still there.

What I see happening, however, is if the price of oil jumps back up again we start to see a new ball game in energy. We all started to see that as that price rose, and it kept going up, we had a considerable interest in things other than the normal ways of producing heat with oil, for instance, and oil products. That has changed substantially now that the price is down. But if that price, because of a world crisis of some kind, jumps back up then obviously the pressure will increase again for energy from waste.

The dilemma that I look at is what kind of emissions are we going to have. We talk about the best available technology, the latest technology, and so on, and there have been some excellent advances. I think Dr. Balsillie mentioned there have been advances in Quebec and

the Maritimes, but where does it put us in terms of comparison with other places in the world in those two choices?

Dr. Balsillie: We have been working with the federal government in a program which it calls a national incinerator testing and evaluation program because, within our own ministry, we have a fair amount of expertise in sampling for emissions from incinerators.

We have also been involved in studies with Japan and the United States. The pilot project recently at the Quebec City incinerator has shown that a new scrubber baghouse technology, which has been applied to that pilot project, has been extremely successful in removing such hazardous compounds as the dioxins and furans.

We are hopeful that we will be able to have safe incineration using state of the art technology, and decreasing our waste problem, possibly creating energy and not polluting our environment.

Ms. Fish: What did you call the technology they believe will now be able to remove the dioxins and furans?

Dr. Balsillie: It is called a scrubber baghouse.

Ms. Fish: Is that the same reference that would make wet scrubbing or is it different?

Dr. Balsillie: The scrubber is prior to the baghouse. It is a wet scrubbing process—

Ms. Fish: With the baghouse, is that what it is?

Dr. Balsillie: —with lime injection followed by the baghouse. The baghouse takes out the fine particulates and subsequently removes the contaminants with it.

Mr. Haggerty: Does it definitely take out dioxin?

Dr. Balsillie: Yes. They did that specific test.

Mr. Haggerty: Why is that not available in Ontario? We do have some municipal incinerators that are now emitting dioxin.

Dr. Balsillie: The scrubber technology which was tested in Quebec was a pilot plant, which is a new process. It is a variation on existing technology.

The new plants which are going into Ontario, such as the Victoria Hospital, went through the federal environmental assessment hearings, and will be fitted with the scrubber baghouse technology. At the present time, there is a retrofit going on at the solid waste reduction unit incinerator, which also includes a baghouse technology with lime injection.

Mr. Haggerty: In other words, you are trapping the dioxin in the process.

Dr. Balsillie: That is correct.

Mr. Haggerty: What do you do with it after you trap it? How do you dispose of it?

Dr. Balsillie: The bottom ash and the fly ash are taken to landfill.

Mr. Haggerty: They are buried.

Dr. Balsillie: They are buried.

Mr. Haggerty: Is there any problem from that?

Dr. Balsillie: We have not seen problems from the landfill where we are taking them. The other thing is that we have instituted a research project taking fly ash and trying to desorb the dioxins from it. The dioxins are very highly bound to the fine carbon particles.

Mr. Haggerty: In other words, we could have a similar situation if we follow the principle used at the Love Canal on the American side.

Dr. Balsillie: No, I do not see that.

Mr. Haggerty: Without having the proper containment.

Dr. Balsillie: Two of the difficulties in the Love Canal were the very high concentrations followed by the very porous materials that they had been placed into. One always has to be careful as to where one puts materials, what concentrations are involved and how the material is bound. We have to take into consideration all of these things in handling this material.

Hon. Mr. Bradley: You have a new plant in Quebec City, a pilot project. Can you retrofit what you have in that pilot project? And can you do the same thing in an old plant?

Dr. Balsillie: Yes, that is possible. I talked to my staff this morning about that possibility. The next question I asked them was how much would it cost. We would probably be looking at something in the neighbourhood of Canadian \$15 million to \$20 million to retrofit an incinerator.

Mr. Haggerty: Where is the largest source of dioxin coming from? Is it from the burning of material or is there some other chemical body that is producing it?

In the United States it is coming through a chemical process. In the disposal of garbage in the incinerator here it comes out of the stack while it is burning out—what? Is it plastic waste or something in that area that may be causing it? Is there any area that we should be looking at, such as the source or the beginning of it in the first place? Is it the separation of a byproduct of some other chemical process?

Dr. Balsillie: Most of the problem emanates from the mix of garbage we have which has a fair number of the precursors to dioxins in it, not the dioxins themselves.

Mr. Haggerty: What material are you looking at?

Dr. Balsillie: The sorts of thing we are looking at are chlorinated compounds and the types of things you would find in plastics, etc. What happens in a low-temperature incinerator would be that, first, you would have the breakdown of plastics, the freeing up of the various chemical components. If you do not have high enough temperatures then you get recombination into the dioxin formula.

Mr. Chairman: Mr. Haggerty, I will put you back on the list. To be fair to other members we must rotate. Have you completed, Ms. Fish?

Ms. Fish: I had another question that was raised in what the minister was talking about on the problems of incineration when he used the Pauzé site as an example of a difficulty. I feel you rather left the discussion by sharing with us the problem. I inferred there was a problem with the existing site, that there was a problem with incineration as a proposed alternative, and a problem with the land that I gather your ministry officials put forth for an alternative dump site.

Hon. Mr. Bradley: Yes, the ones to the north, Lake Simcoe wastelands the association recommended.

Ms. Fish: Are they also preferred by your officials?

Hon. Mr. Bradley: Our officials have no position on that.

Mr. Caplice: They are preliminary to an environmental assessment.

5:40 p.m.

Ms. Fish: I see. Someone has to have reviewed it from a preliminary environmental perspective because you made reference to the lands being preferable because of the clay in the soil, and it was a preferable site. But you made note of the fact that it was prime agricultural land. What is the preferred course in the Pauzé situation? In what direction does the ministry go to solve this problem?

Hon. Mr. Bradley: I suppose that will be determined ultimately by the Environmental Assessment Board which will make a ruling on it. The preliminary work of environmental assessment is being done at the present time, but the board will make the ultimate decision on it. I use that as an example, naturally. Some people in

the area, who have had a large delegation meet with me in the ministry offices, have various views on it and have different solutions depending on where they live. One of the solutions they talked about was incineration. I use incineration as an example for people who do not see any landfill site being a solution that could be agreed upon unanimously in that area.

Ms. Fish: It seems to me that a policy question arose about the times when the policy determination of a sister ministry may guide a government decision. It raises the question as to whether the preservation of prime agricultural, class 1 land would override a decision that such land might be most desirable for the waste site, particularly since ministry officials have informed us today that there is technology available now to remove from incineration the very dioxins that have been the prime area of concern and they are demurring on whether incineration should be proceeded with.

It seems to me the technology for incineration is there and government policy has been stated on more than one occasion about the protection of prime agricultural land. I was not entirely certain there was a conundrum left.

Hon. Mr. Bradley: When we consider the potential for using incineration, there are a couple of factors to look at. One is public health and safety, the environmental impact. The second is the cost. In areas where incineration has been successful or at least the cost has been accepted, it has been as a result of the energy that has been produced having been used for something, or there was sufficient garbage around to burn to make it practical.

To give an illustration, when you are talking about energy from waste, in Niagara they would have to import garbage if they wanted to have an energy from waste facility. The same applies to Guelph. In the area up there, I do not think anyone has seen a great collection of garbage that would make an energy from waste facility advisable from an economic point of view. Second, up to this time, according to the North Simcoe Waste Management Association, there has not been a situation where that energy could be used in any specific way. There is nothing similar to Ontario Paper or the University of Guelph that would be able to use that. That is one of the options the North Simcoe Waste Management Association is mandated to look at, as well as other options.

Ms. Fish: Are you looking at grant programs for incineration alternatives, particularly in cases such as Pauzé where the population concentra-

tion does not provide for the kind of cost-effectiveness you are suggesting in an energy-from-waste approach?

Hon. Dr. Bradley: We have not had any ministerial grant for that purpose, for energy from waste nor for municipal incinerators.

Ms. Fish: No, for the wet scrubbers and baghouse technology on incineration that would deal with the environmental concerns on incineration of the waste.

Dr. Balsillie: We have provided funds from the Ontario government to Swaru. For example, the Ontario government supplied up to \$3.8 million for that retrofit. The Ontario government also supplied some money to the Victoria Hospital for construction. I believe it was around \$6 million. Above that, the ministry has provided \$750,000 to that organization to carry out the specification sampling, the air monitoring and the subsequent soils and vegetation testing. We have done that.

On the other hand, the energy-from-waste plant has been transferred to the Ministry of Energy as far as government funding is concerned. I believe your question is related more to whether we would support incineration if there was not going to be an energy-from-waste component.

Ms. Fish: It is not related to it, it is directly on target. The minister has cautioned that the service area adjacent to the Pauzé landfill is not sufficiently proficient in the generation of waste to look at any sort of energy from waste. I am trying to understand where that series of conditions takes us: a landfill that the minister has identified as being a problem; alternatives being posed; one alternative with some environmental considerations apparently involving the location of a waste site on class 1 agricultural land, in direct conflict with government policy respecting class 1 agricultural land, and that having a potential for greater waste because the existing technology to meet the environmental concern about incineration, as the minister has stated, does not work unless there is an energy-from-waste component, but we know there is not.

It comes back to whether support to communities such as those near the Pauzé landfill will be considered. There are far more in this province than there are communities that can sustain energy from waste. The minister noted that even in the Niagara Peninsula, a proposal would likely involve imported waste. How does one assess the classic argument that dollars intervene and there is a greater return, therefore an appropriate

taking up of class 1 agricultural land for nonagricultural use?

Hon. Mr. Bradley: I suppose it depends on what specific area of the province you look at and what preferred plans they have. The North Simcoe Waste Management Association has the opportunity to bring forward any proposals it wishes for consideration by the Environmental Assessment Board and the board may rule on those.

With regard to financial assistance, my recollection of the London plant, for instance, is that there was a federal component. There was considerable federal money there. I do not know if there were matching provincial funds, not necessarily matching in amount, but some matching provincial money, put into that.

Our waste management committee is re-evaluating the entire field of waste management for the purpose of looking at how best we could use subsidy dollars in the situations you raised, where there is not the dollar base in the community to sustain some of these options. I am not necessarily talking about energy from waste, but the capital and operating costs of incineration have always been raised as a factor. Our ministry is looking carefully at and re-evaluating the programs we would have for any assistance to municipalities dealing with the options of landfill or incineration, the other component being recycling.

5:50 p.m.

Everybody recognizes—and you cite a case in point—that we come down to a very difficult choice. Our farmers in the group would say—not necessarily farmers; people in downtown Toronto or downtown St. Catharines may say this, but a good many farmers as well—that we want to retain class 1 agricultural land, so the primary factor should be not to place them on agricultural land, despite the fact that it may have the best clay and, generically speaking as a site, may be preferable.

That is one factor to look at. The second is those who will continue to question, even with the best available technology, the propriety and advisability of using incinerators across the province.

All of these become factors that make these decisions most difficult for the Environmental Assessment Board. You and I know where so many of these cases end up after the assessment board has finished with them. They are plunked down on the table of cabinet, which then has a difficult dilemma in dealing with them. It is safe to say that our ministry is looking carefully at

where we can put subsidy moneys to be most effective in helping to deal with problems such as this.

Ms. Fish: I welcome the advice that subsidy dollars might indeed be available for the wet scrubbing baghouse technology and an incinerator in an area such as that being identified as an alternative to the Pauzé landfill. It is extremely important, even without the question of whether there are federal dollars, because we are dealing with a provincial responsibility for the environment and provincial standards on the technology dealing with dioxins and furans in the air, which we explored the other day. We are dealing with the provincial policy on class 1 agricultural land. While I am always among those who think it is desirable to have dollars offset from broader tax bases, and since we are talking—

Hon. Mr. Bradley: We are not the broadest yet; that is right.

Ms. Fish: That is right. There is another step to go. None the less, I do not think this in any way absolves the jurisdiction in which we now sit, the provincial level, from dealing with its own responsibilities. It is in that regard that I am going only by the advice of your very officials who have been assisting us the last day and today on the matter of the effectiveness of the technology and its availability. It is an opportunity to maintain a commitment to a clear government policy with respect to class 1 agricultural land at the same time as we maintain a clear commitment to environmentally sound waste management.

I am very pleased that you have indicated a willingness to look at grants and subsidies for the wet scrubbing baghouse approach and incineration for areas like Pauzé. That would be well worth exploring.

Hon. Mr. Bradley: Again we get back to the dilemma of dealing with all of these in the sites that are chosen. I suppose the minister is always in the difficult position with the Environmental Assessment Board of not wanting to influence the board in its decisions; yet ministers have opinions, just as all of us as individuals have opinions.

I will not branch off into this, because he will be here next week, but one of the dilemmas, of course, is the Ontario Waste Management Corp. site, where the Ontario Environmental Assessment Board will make the ruling. The minister has to bite his tongue in that case until the board is in a position to render its decision, at which time, of course, I have no doubt it will end up on the table of the cabinet. If it does not, I will be extremely surprised.

So there it is, right in my own backyard, so to speak. The minister is not in a position to say: "I think it is the worst site in the world," "I think it is the best site in the world" or "I do not like your technology," without the fear of being seen to intimidate the board. Whether the board can be intimidated or not is another matter.

Ms. Fish: I will close, Mr. Chairman, because I realize you have a list of speakers. My concern is that just as you ensure that the environmental issue is waived at hearings other than environmental assessment hearings, I simply want to explore and understand the degree to which there is advocacy from other ministries protecting other government policies. I note that the protection of class 1 agricultural lands is a policy that a number of environmentalists I know would support, clearly having that front and centre in a similar fashion in terms of sharp criteria.

On the basis of what I have heard in the past two days from your own officials, it sounds as though there may be a way to meet the very stringent requirements that are properly put because of environmental concerns as well as to meet a policy that I would hope it is generally agreed requires some considerable firmness in its enforcement, and that is the preservation of class 1 agricultural lands. To that end, it is important to bring forward the grants.

But you say yourself that your government has suggested there has been a problem in the protection. Here is a clear case, it seems to me, of an opportunity to say right off the top: "This policy will be protected. This class 1 agricultural land will be protected. We will also protect the environment." To do so may indeed require dollars; it would not be the first time, but you and your leader have indicated a willingness, particularly with respect to difficult waste sites, to devote the resources necessary.

I repeat that I am very interested in your undertaking today that you would be prepared to look at grants and subsidies for a wet scrubber baghouse technology for incineration in the Pauzé area.

Hon. Mr. Bradley: It is interesting that you put it in exactly that context. I did not put it in that context, I do not think. The context I put it in was that of energy from waste and the development of the energy-from-waste facility. If there were a precedent for that, the nearest place that I suppose could use energy produced from waste to that degree would probably be in Midland. That would be the closest.

Ms. Fish: You would not be prepared to look at grants or subsidies for this technology on incineration at Pauzé.

Hon. Mr. Bradley: I said simply that our ministry is re-evaluating the whole area of waste disposal and looking at ways in which we can be of assistance. You asked where it has been provided so far. We indicated that in two cases—the retrofitting of the solid waste reduction unit, which is energy from waste, and the construction of Victoria Hospital, which is energy from waste—we were prepared to provide it.

Ms. Fish: I also asked whether you would be prepared to provide it in a case like this, which clearly cannot get into energy from waste. If I did not, I will ask it now. If what you are saying is that you prefer to decline to answer, that is obviously your prerogative. I was hopeful that I had heard you answer in the affirmative that—

Hon. Mr. Bradley: I know you are trying to pin me down so that you can run up there and say it to them there, but I cannot—

Mr. Fish: I am not—

Hon. Mr. Bradley: That is fair. I accept that.

Ms. Fish: I am running nowhere. I am trying to pursue with you the direction of dealing with an area that you have identified as a problem and that clearly presents the obvious choices for the enforcement of two critically important policies and a possible way of doing so, that none the less would clearly require grants and subsidies to the local area, since it is unable to look at the possible economic offset for that technology, which is the usual energy-from-waste solution.

Hon. Mr. Bradley: I will repeat the answer I have given you. If there is an energy-from-waste facility, we are prepared to look at it. In the context of overall waste management policy, we are reviewing the manner in which the province can become involved financially in any one of the options.

Mr. Chairman: May we move on? Mr. McGuigan, you have been most patient.

6 p.m.

Mr. McGuigan: In looking for an answer to this problem of waste that covers many of the dead ends you come to—if you bury it, you have troubles; if you burn it, you have troubles—I wonder whether you cannot take a fresh look at landfills. I disagree with Ms. Fish on the question of using class 1 land.

Ms. Fish: Why? Do you think we should?

Mr. McGuigan: If you will bear with me, we use clay land because of the structure of clay. When you put it under a microscope, you see flat particles that lie as my hands are lying, or the

shingles on a roof. That is the structure of it. It allows water to move through it very slowly and it allows air to move through it very slowly. To grow plants on it, you want to get rid of some of that water, because plants will not live with their roots in water. They have to have air.

I do not think there is a clay land in the world that is class 1 land, to go by the Canada soil inventory system. Class 1 soil is soil on which you can cut the trees, clear out whatever is growing there and plant crops without having to do any further work to it. If you are going to grow crops on clay land, you have to put in tile. Tiling today costs you a minimum of \$500 an acre and a maximum of \$700, depending upon the amount of tile you put in the ground. The minute you put tile in the ground, it can be brought up to the point of being class 1 soil as far as its physical capacities are concerned, but according to the Canada land inventory, it is not class 1 land.

You will find all sorts of clay land around this province that, in its physical characteristics and its ability to grow crops, would be far more justifiably called class 3 or 4 land. In the understanding of soils in Canada, I wish people would stop talking about clay land as class 1 land. At best it is class 2.

I would like to see the minister take a new approach. I am not saying it would be successful, but we have to take some new approaches to try to find an answer to this. One would be to try to enlist farmers on your side instead of making enemies of them.

It seems to me we have been recently handed one good argument that would enlist if not the help, at least the neutrality of the agricultural industry in these discoveries about the effects that chemicals are having on food. No one knows where those things are coming from, whether they are coming from our own burning of products or whether they are coming from Mexico, the United States or wherever, but in real terms we are putting things up into the air that we all know are coming down and are being incorporated into our food supply. Farmers' livelihoods are being threatened in that regard, because the quality of their food and so on is being questioned.

We should take a fresh approach to the farm community and use some of the poorer clay lands, and we have lots of them in southwestern Ontario. I could take you in a car and spend half a day or a day driving around Ontario pointing out a lot of clay lands that are very poor in their production. This is not to say they would qualify on the basis of whatever clay underneath them.

You would have to do all sorts of drilling and look at all the other environmental factors to determine whether they were good spots or not, but there is a lot of clay land in this province that agriculture would never miss for one moment as far as its production was concerned.

That brings up another point. The whole agricultural climate has changed economically in that the world today is bothered by food surpluses not by food shortages. I could spend hours going into the reasons for that, but it is pretty well accepted among agricultural economists in the world today that our big problem is surpluses, not shortages, and as far as people can see, that is going to continue.

There is one approach you could take when you found one of these soils that are not all that valuable for agriculture. It might also answer the other environmental problems of roads, the structure underneath and the depth of that clay. Incidentally, there are clay soils in Ontario where the farmers who live on them cannot get water. They and their neighbours drill all over their farms trying to get water, but there is no water down there. You do not have to worry about contaminating any water supplies, because there is no water down there. There is no water down there because water does not go through clay soil; it is very close to being impermeable. That is why you like it as a landfill site, because it contains these mixes and cocktails of chemicals.

If you found one of those areas, you could move in and make an offer to buy a couple of square miles of it—you do not go in and try to buy 100 acres, because farmers all around will come out with their guns; indeed, I would be the first one there with my gun. If you bought a couple of square miles of that property, you could use the 100 acres in the middle of it for the landfill site and rent back the remaining soil by making it available at a reasonable price. In that way you are not taking it out of agriculture; there is an opportunity to grow something on it, if people want to take that financial risk.

All I am saying is to take the community into your confidence and try to make them your allies in place of the systems we have used in the past where these people snuck in during the middle of the night, bought a 100-acre farm from somebody and, the first thing you know, it was a landfill site. I had that happen to me in my riding at an old gravel pit which, as you know, is a terrible place to dump things. It actually did have clay underneath it, but it was only on the edge of the clay, and it was running out.

I heard rumours that they were going to make this a dump. I phoned the ministry at that time, and they said: "Do not worry, Mr. McGuigan. Before a dump is ever put in there, we will have all sorts of hearings; you will be notified, and the public will be notified. Do not worry about it." Being naïve and taking people at their word, I did not worry about it. Very shortly, somebody phoned me up and said, "There are dump trucks going in there and dumping things." I said, "You have to be out of your mind." He was not out of his mind; I was out of my mind for ever believing the ministry under a former regime. They went ahead and made a dump out of it.

6:10 p.m.

That sort of atmosphere has poisoned the thing so badly that I would not predict you would have success, but it is worth a try to go out and get some success, because it strikes me—and I have read a bit about the science of it—that a properly run landfill is a containment. We do not know everything that is happening in the mix of stuff that is in there, but at least it is contained, and it is not going to go down through that clay soil except in several millions of years, by which time it probably will have been dissipated or absorbed by the clay soil. The clay soil also acts as a filter to prevent the gases and so on from carrying bad elements into the air. In view of all the uncertainty there is in this business, I tend to think it is probably safer in a properly monitored, secure landfill site.

I will give you an example. This whole business of the disgrace about landfill sites started in Hamilton with the magic box Dr. Stuart Smith used to talk about. The next thing was Harry Parrott's attempt to put the one provincial landfill site in my riding, in Harwich township, the one on which the Ontario Waste Management Corp. is now in its third term.

The first site, in Harwich township, was three or four miles from where I live. As far as the clay land there was concerned, the crows had to carry their lunch when they went across it. It was good, hard clay soil, but it was not good agricultural soil. The management of the place was terrible, with leachates going down into the ditch, killing the neighbours' ducks and endangering their livestock.

Mr. Pierce: How did the crows survive?

Mr. McGuigan: They went high enough that they were all right.

Hon. Mr. Bradley: Interestingly enough, the position you are taking, from a farmer's point of view, is very close to that of Pollution Probe. As I

read Pollution Probe's proposal, it is taking quite a negative approach to incineration and candidly admits that in the past it has been an opponent of some dump sites, which was justified in many cases. I do not think I am giving away any secrets when I say I jokingly said to them, "I anticipate you will be at all the landfill hearings in favour of the landfills." I think they recognize that dilemma as well.

It is interesting that a group such as Pollution Probe has said in effect that incineration should be halted for a good, long look—in other words, they want a moratorium—and of course they very strongly believe in recycling, but with what is left over, which is the majority of the stuff after recycling, that landfill was their preference. If you had told me five years ago that Pollution Probe was going to come in and tell me that, I would not have believed you. Now, hearing from you, a farmer, the story you have told us, it is a puzzler to everyone as to which route to go. This is the first time I have heard a farmer say that.

Mr. McGuigan: I opposed the Grand project when it came in. I think they were buying 200 acres; so all sorts of neighbours were being affected. They did not buy the big area I thought they should have. At that time too, I guess I did not know what a good landfill site could be; that, properly managed, it could be a good place. Since those environmental hearings and so on were held there and all this information came out, we found the environmental situation was worse than anybody ever suspected it was. It became politically impossible to establish a landfill at that site because of the sins of the past.

Mr. Chairman: Could I interject at this point? The bells are scheduled to ring at 6:15, and there is one matter we should straighten out before that happens; that is, the scheduling of the time of the ministry staff. I do not think it makes sense to stay on vote 1801, which means all the experts have to be here. If we break it down into doing certain votes on certain days, it seems to me it makes it a lot more efficient for the servants of our province.

Next week we are meeting on Wednesday and Thursday only; on Monday, the committee is dealing with another matter. On Thursday, Dr. Chant is with us—

Mr. Haggerty: Put me down for that now.

Hon. Mr. Bradley: I was afraid of that.

Mr. Chairman: —which comes under vote 1804. I suggest that on Thursday, we deal with

vote 1804; even though it is the last vote, that is where the Ontario Waste Management Corp. should come. You could have your people here who deal with that vote.

I have nothing to gain by pushing anything through, but do you want to vote on vote 1801 today and then on Wednesday to move to vote 1802, which covers air quality, water quality, waste management, recycling, lab services and technical support services?

Hon. Mr. Bradley: I am in the hands of the committee.

Mr. Chairman: Is it the wish of the committee to do that?

Hon. Mr. Bradley: The opposition critics should have a say in that.

Ms. Fish: I did have some specific questions on vote 1801. We rambled a bit because we got into a discussion of opening statements, replies and then ministerial replies to the critics, rather than turning ourselves in a formal way to vote 1801.

Mr. Chairman: So you are saying you would like to continue with vote 1801 on Wednesday?

Ms. Fish: It depends on how quickly we are closing up today, but I have one or two specific questions on the items in vote 1801.

Mr. Chairman: All right. If we do not complete them this afternoon, we will stay with vote 1801 on Wednesday.

Mr. Chairman: Mr. McGuigan, have you completed?

Mr. McGuigan: Given the time, I am. Also, I think the vote is called for 6:30; so we need a few minutes to get there.

Mr. Chairman: They said the bells were going to ring at 6:15; obviously they have not quite. Therefore, we will go ahead for a few moments. Mr. Pierce, you were next.

Ms. Fish: There go the bells.

Mr. Chairman: Right on time.

Ms. Fish: May I ask a procedural question? Will we have more than next Thursday to deal with vote 1804?

Mr. Chairman: We can have.

Ms. Fish: That is quite a large area; it has virtually all the agencies.

Hon. Mr. Bradley: It is a big area.

The committee adjourned at 6:17 p.m.

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No. R-4

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Wednesday, June 25, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, June 25, 1986

The committee met at 4:09 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

Mr. Chairman: The standing committee on resources development will come to order.

We have a little more than 10 hours left on the estimates of the Ministry of the Environment. We will almost finish this off by the end of next week, since we will meet only on Wednesday and Thursday next week.

I would like to tell members of the committee—not that many of them are here today—that we are going to be in the position of having to schedule recess time for a bill that will be referred to us. Unless I get feedback from members of the committee, I shall proceed to schedule the time. If members feel strongly about it, be sure you let us know. It will probably be the rent control bill, Bill 51, which will involve public hearings and clause-by-clause debate. I urge committee members to let their colleagues know that we will have to do that; we cannot just let it sit for ever.

Ms. Fish: This is not on the question of the bill you referred to, Mr. Chairman, but something on next week's sittings. I mentioned to you about a week and a half ago that I am in the difficult position of having family commitments Wednesday, Thursday and Friday next week that will take me out of the country. I wonder what the committee thinks about continuing with the Ministry of the Environment estimates.

Mr. Chairman: You will absent on both Wednesday and Thursday.

Ms. Fish: Yes, Mr. Chairman, I will be.

Mr. Chairman: It is in the hands of the committee. I hate to put it off at the end of the session so that we do not deal with the estimates of the Ministry of the Environment.

Hon. Mr. Bradley: What is wrong with that?

Mr. Chairman: There is a lot wrong with it. The minister has too much to answer for.

One possibility, which is up to committee members to determine, is to give the member for St. George (Ms. Fish) a disproportionate amount of time this week, today for example, because Dr. Chant is here tomorrow. The member for St.

George can then decide whether she can live without being here next Wednesday and Thursday as long as there is someone seconded from her caucus to be here.

Ms. Fish: I am sorry, you were looking at me as though you wanted an immediate answer. I do not have an immediate answer. Initially we discussed the difficulty of the timing in the context of a potential intersession sitting of the committee. My problem is that the family commitment is clear, and has been for many months.

Mr. Chairman: The committee understands that. It is a question of whether the committee wants to deal with the estimates of the Ministry of the Environment and whether the member can live with us dealing with them while she is not here. If she cannot, as the critic, I understand that. We will not try to ram anything through, but we need to know whether the member is prepared to do that.

Ms. Fish: Is it possible the estimates might continue in the following week, or some discussion of estimates? At this point I am not clear, nor, I suspect, is anyone else sure, when the House will rise.

Mr. Chairman: Right.

Ms. Fish: If the House is still sitting then, would it be possible for the estimates to be considered?

Mr. Chairman: Absolutely.

Ms. Fish: If the House is not sitting, is it possible for estimates to be considered as part of an intersitting package of consideration days?

Mr. Chairman: There is nothing to prevent us, if the House sits during the week ending July 11.

Ms. Fish: It ends then at the week beginning July 7.

Mr. Chairman: If we sit the week of July 7 we could finish off the estimates. If we do not sit, the committee has indicated its displeasure at the thought of dealing with estimates between this session and the next.

Ms. Fish: I beg your pardon. I am perhaps going over ground the committee has already dealt with.

Mr. Chairman: Committee members indicated that they did not want to do that. I think we will be here until July 11, but that is indeterminate. Shall we play it by ear?

Mrs. Grier: Mr. Chairman, I have no difficulty with your suggestion to the member for St. George, except that on Thursday of next week the select committee on energy is releasing its report that afternoon so I would have difficulty being here, which is the first day.

Ms. Fish: That would be both of us.

Mrs. Grier: We both would be out of commission on the Thursday.

Ms. Fish: In that case, perhaps we could look to the committee sitting on the Wednesday but not the Thursday. I would like to be as accommodating as possible. I am sorry, I had been aware of this difficulty in the schedule. I had a preliminary discussion but within a different context, I acknowledge.

Mr. Chairman: All members understand those conflicts, and try to work around them.

Mr. Knight: Mr. Chairman, it is unfortunate that we do not have the liberty of time to be able to decide how we can handle the situation next week or the week after.

If we continue as we have been doing, with questions from all parties, we may not be here the week after next, and Ms. Fish will not have had the opportunity that she should have as the critic for the Conservative Party. I agree with your initial suggestion that if Ms. Fish wants to use as much of the time today as possible for her own questions, that is okay.

Ms. Fish: If the committee is agreeable.

Mr. Chairman: Why do we not agree that Ms. Fish do her thing today?

Ms. Fish: As best I can.

Mr. Chairman: Right. Tomorrow, Dr. Chant will be here; next week, we meet only on Wednesday.

We will assume that if the House is still sitting, there is no problem. We will deal with the estimates of the Ministry of the Environment in the week of July 7. If we are not sitting, this committee must decide whether it wants to report the estimates as having been completed, or hold them in abeyance until the fall. There are no rules for either; we as a committee can do whatever we want.

On vote 1801, ministry administration program; item 1, main office:

Mr. Chairman: Let us proceed, then, on vote 1801. I would encourage members to complete

1801 this afternoon so that we have some kind of focus on the various votes; otherwise, we are not going to be able to deal with the last vote or two. Ms. Fish, you are automatically first.

Ms. Fish: Just before we begin, I have indicated repeatedly my interest in pursuing some questions on pesticides. Does the minister now have that information to table? I would like it to be in front of me, so that if I have an opportunity to explore matters today, I will have a reasonable opportunity of raising questions on this.

Mr. Chairman: That does not belong on vote 1801.

Ms. Fish: I know, but I am not sure you can be too hard on the vote, Mr. Chairman, if we are also saying that we are going to try to give me this chance today.

Hon. Mr. Bradley: That is fair. I do have staff here, and the information that was requested.

Ms. Fish: Good. Could I have the information in front of me while I ask the question on it?

Hon. Mr. Bradley: Yes. There is some information which was requested.

Ms. Fish: My question on vote 1801 is on item 5, information services activity. It is a fairly simple question. Can the minister please tell me what languages are used by the ministry information services people in providing public information on notification, on advisories or in other forms of communication with the public?

Hon. Mr. Bradley: Yes, we will be happy to answer that. This is Geoff Higham, executive director of the financial and administrative services division of the Ministry of the Environment.

Mr. Higham: I am sorry. The audio was not quite clear back there. Could you repeat the question, please?

Ms. Fish: What languages are utilized in information services activity?

Mr. Higham: English and French.

Ms. Fish: How do you then communicate with third-language groups in the province?

Mr. Higham: We do not have a specific program in the ministry right now to deal with it.

Ms. Fish: Is there a program picked up elsewhere in the government to deal with Ministry of the Environment communication to third-language groups?

Mr. Higham: Yes. There is a contribution made to a central fund, which packages material for the ethnic press.

Ms. Fish: Does that deal with your advisories or information? Does that fund reproduce and do for you what your information services office does not do directly for third-language groups?

Ms. Higham: Yes, it does.

Ms. Fish: Can you table with us, please, illustrations of advisories or formal notifications that have been prepared and distributed by the central agency on your behalf in other languages?

Mr. Higham: Yes, we can.

4:20 p.m.

Ms. Fish: Would that be considered as formal notification, such as is provided in English and French for purposes of your ministry?

Mr. Higham: I do not think we would view the two events as being similar.

Ms. Fish: Why?

Mr. Higham: Because the government has an official French-language services program and while some ministries have significant dealings with individuals directly and have in some cases developed ethnic capability in a variety of languages, we do not have a specific program addressing that in our ministry.

Ms. Fish: Does that mean the programs of advice you have directly through your ministry are automatically available in languages other than English and French through the government's central service, or is that selective?

Mr. Higham: It is selective. The material published in the ethnic media centrally would not cover every piece of information issued by our ministry.

Ms. Fish: You have used the phrase "ethnic media" several times. Do I take it that the commitment to third-language communication is deemed to be satisfied by being printed in third-language media?

Mr. Higham: I am not sure whether I would use the word "satisfied." Certainly, in the absence of a formal ministry program, we are utilizing the central service.

Ms. Fish: Would this include information in a third language regarding regulations, for example, or cautions or advisories on handling hazardous materials?

Mr. Higham: I do not have that information here, but that would be part of the material we would table.

Ms. Fish: Mr. Chairman, I would be pleased to wait for the further information.

Mr. Chairman: Mr. Pierce, do you have a question?

Mr. Pierce: I do not have any supplementaries to that, but I have some questions on vote 1801 to which I would like some response from the minister. During the last session on the budget estimates, reference was made to electrostatic precipitators or scrubber baghouses. What is the relationship between electrostatic precipitators with baghouses as opposed to just the power project that has been studied on scrubber baghouses? What is the difference in the two?

Hon. Mr. Bradley: David Balsillie is the assistant deputy minister, formerly of the air resources branch. David?

Dr. Balsillie: Do I understand your question to be, what is an electrostatic precipitator?

Mr. Pierce: As opposed to a scrubber.

Dr. Balsillie: An electrostatic precipitator is a series of charged materials, like rods or lines, which attract very fine particles because fine particles have a charge on them.

Mr. Pierce: Right.

Dr. Balsillie: They are attracted to those rods, then they shake the rods and the material falls out. The baghouse is a series of filter bags which remove the particulate like a vacuum cleaner. That is the basic difference in very simple terms.

As I mentioned, a scrubber goes before. For incinerators, they would use a scrubber/baghouse combination. The reason for that is they want to precondition the material before it goes in. Lime is added to reduce the acidity of the flue gas so it does not cause corrosion. They are also able to collect the acidic material in the baghouse, so the scrubber is a preconditioner to the baghouse. That increases the efficiency of the baghouse in subsequently collecting the particulates for removal. The reason they want to remove the particulates is that a lot of the hazardous organic material that needs to be removed can be collected effectively by removing those particulates.

Mr. Pierce: Would electrostatic precipitators be capable of collecting arsenic and sulphur?

Dr. Balsillie: The electrostatic precipitator would not be as—

Mr. Pierce: I say that, in using the baghouse along with the electrostatic precipitator, because they do that as well. Electrostatic precipitators are not out there all by themselves. You can connect baghouses to them as well.

Dr. Balsillie: You can put systems in tandem; that is correct.

Mr. Pierce: Yes.

Dr. Balsillie: The electrostatic precipitator is probably not as efficient for the removal of arsenic as is the baghouse.

What was your second question?

Mr. Pierce: Would the electrostatic precipitator be capable of collecting arsenic and sulphur?

Dr. Balsillie: Sulphur is normally in a gaseous form as sulphur dioxide or hydrogen sulphide. These gases would pass right through both the electrostatic precipitator and the baghouse. They would not be collected.

If you had particulate sulphur from a process for some reason, the baghouse would be able to remove it, but normally sulphur compounds are released in gaseous form. They are either oxidized as sulphur oxides or reduced as hydrogen sulphide or that whole group of reduced sulphur compounds, which we refer to as TRS, or totally reduced sulphur. They include the smelly ones such as dimethyl sulphide, methyl mercaptan, etc.

Mr. Pierce: That information is fine. Can the minister tell me whether there are any funds available in vote 1801 to assist individual communities in disposing of hazardous materials such as asbestos?

Hon. Mr. Bradley: Ron Gotts is from our waste management branch.

I know, for instance, that the Ministry of Labour looks at this independently of us in terms of its requirements concerning occupational health and safety. Mr. Gotts, what about our ministry?

Mr. Gotts: In the asbestos example, the answer would be no. I am thinking of the removal of asbestos from schools and so on. The removal end would not be under our ministry, but the disposal end would be.

We have introduced a new program, which has been well announced now, to help financially in the disposal of hazardous wastes arising from the household: paints, solvents, spent medicines and spray cans. We have a program that assists municipalities in disposing of those.

Mr. Pierce: I have a reason for asking particularly about asbestos. They are tearing down the old Rainycrest Home for the Aged in Fort Frances, in which the lines in the heating unit were wrapped with asbestos. What they thought would be a simple job of calling for tenders for the dismantling and demolition of the building has now become a major project, because the lines and furnishings are wrapped with asbestos and there is a limited number of

available contractors with a licence actually to handle the product and dispose of it.

Disposal of the product is not available in the Rainy River district. As a result, what should have been a simple matter of dismantling an old building and filling in the hole has now become a major project not only in funding but also in the actual dismantling of the building.

Mr. Gotts: Obviously, I am not familiar with that specific project, but my understanding is that the complications in handling asbestos in the type of situation you referred to really relate to occupational health.

The disposal end is not complex. We have a section in the regulation that deals with the disposal, and as long as it is packaged so that it is not blowing here and there as it travels down the highway, it can be disposed of in essentially the same way as nonhazardous waste in a landfill. In other words, we do not view asbestos as being hazardous when deposited in the ground and covered. It is not something that leaches or moves about unless it is freed into the air.

Thus, the costs are probably not associated with the waste management end of it but with the occupational aspects of removing and packaging it.

4:30 p.m.

Mr. Pierce: To follow on that, I would ask the minister to discuss with the Ministry of Labour some form of assistance not only to municipalities but also to private citizens who are faced with the problem of trying to remove asbestos or hazardous materials from their homes or from whatever other areas they are working in. It becomes an expensive project and, as a result, a number of midnight truckers start hauling this stuff out under cover of darkness and getting rid of it.

Perhaps the minister could do that and see what is available, more for larger projects such as this one, as an example of trying to tear down an old building and, all of a sudden, what should have been a simple job has become a major job.

Hon. Mr. Bradley: Some of you are in the north wing right now. When I was in the north wing I watched the procedures they had to use, which were pretty extensive. I suppose it would have been under the auspices of the Ministry of Labour that the asbestos was removed from this building.

As a sidelight to it, when you looked down the hallway, the individual doing it really looked like a space walker. He was completely encased in equipment, breathing apparatus and so on. I asked him about it, and he said it was obligatory

under the Ministry of Labour requirements. The sad part of the situation was that he told me he had worked for 12 years without any of that equipment on. He uses it now. They were doing that in a very detailed and cautious way.

You are suggesting that some kind of assistance should be provided by government, perhaps similar to that provided in the urea-formaldehyde foam insulation situation, where some money was made available for people to get rid of it. At least, some assistance programs were there.

That is something we could look at. You are thinking of individuals and municipalities, I take it.

Mr. Pierce: That is right—in both cases, because it affects private citizens as well as municipalities and corporations.

The other question I wanted to ask that relates to vote 1801 is that, as I am sure the minister is aware, and certainly the ministry staff are aware, a number of sewage-plant construction programs and water-treatment-plant construction projects have taken place in the province during past years. Many municipalities are now faced with the cost of operating plants and they do not have the financial capability of running them. I ask the minister whether anything in vote 1801 addresses the problems faced by many communities whose sewage-treatment and water-treatment plants were constructed to satisfy the needs of a growth population that no longer exists.

In many cases the population has decreased but the cost of operating the plants has increased, and the ability of the individual municipality and its taxpayers to pay for the operation, of course, is lessened. While travelling in many small, single-resource-dependent communities throughout northern Ontario, we heard municipalities say they were facing situations where taxes exceeded the ability of the residents to pay. They are looking to the Ministry of the Environment for some form of assistance that would get them out of this kind of situation.

Hon. Mr. Bradley: So when we raise taxes to do that or increase the deficit, you will be pleased to support that?

Mr. Pierce: We certainly know that part of the cost of operating a province is shared by all its taxpayers and not only by those in small areas. Yes, if those kinds of taxes are necessary to support those smaller communities, then I would have no problem in supporting it. I would much rather do that than have those communities go down the tube for the sake of some that are going up the pipe.

Hon. Mr. Bradley: The mayor of Kenora has met with me on a couple of occasions. He has this knack of finding where ministers are in the hallway, as you know, and he has drawn some of his concerns to my attention.

Mr. Pierce: If you keep hanging around in Minaki Lodge, he is going to find you.

Hon. Mr. Bradley: I have never been to the place in my life. They tell me it is very nice, however.

You identify a problem that is not exclusive to the north. However, one of the real problems we see in the north now is that if a community's tax base erodes, as it does in some cases, it presents a little more difficulty than it does for a community in which the tax base is at least static, if not expanding. I know the north is particularly subject to boom and bust in the economic cycle. For that reason, there are times when operating costs do become fairly difficult.

This is something that can be addressed to a certain extent, I suppose, through the Ministry of Northern Development and Mines, a ministry that has within its mandate looking after the north in a general sense. All ministries have an interest in the north, but that one has a particular interest, and it may be an area I can explore with that ministry to determine what kind of assistance might be made available.

As I say, it is not exclusive to the north, but you have some particular problems in the north. I know what your problems are in construction, because what you do there that you do not do in St. Catharines is to blast when you want to put services in. In St. Catharines you simply dig. There is also the question of the time of year you can do it and so on.

Correct me if I am wrong, but you might also experience more problems with maintenance because of the substantial changes in and extremes of weather, particularly the winter temperatures you face, as compared, again, to many places in the south, where that would not be the case.

Mr. Chairman: Is this the question you asked, Mr. Pierce?

Mr. Pierce: We recognize the important role that the Ministry of Northern Development and Mines plays in the development of the north, but the criteria and the mandate of the ministry, of course, are to assist in whatever ways it can to co-ordinate the efforts of other ministries in capital projects. However, the actual assistance of ongoing funding for operating is really outside the jurisdiction of the Ministry of Northern Development and Mines.

As the minister has pointed out, the problem I am addressing is not related to the north alone; it is faced throughout the province, wherever there are problems in population growth. Certainly southeastern and southwestern Ontario are faced with the same kind of problem. Therefore, it is not a problem that can be passed on to the Ministry of Northern Development and Mines. It is one that the Ministry of the Environment has to address, and address within its own mandate, which is to assist in the final handling of raw sewage. Of course, the same applies to the operation of water treatment plants. They go hand in hand, one with the other.

Hon. Mr. Bradley: I will ask Geoff Higham what specific formula is applied now, if any, to be of assistance. I know we had write-offs that were of some assistance.

Mr. Higham: There is currently no provision for financial assistance towards the operating costs of our plants. We recognize that this is a difficulty. We have perhaps half a dozen communities where the operating costs are a major item in the total cost of providing the service. We are having a look at those situations. However, there is currently no provision for assistance with operating costs. There is provision only against the capital costs of the facilities.

Hon. Mr. Bradley: You have to factor in the capital cost; that can be reflected in a rate. We have been of some assistance in those communities that have experienced some difficulties in the rates they must charge, have we not?

Mr. Higham: That is right. The budget of last fall provided \$175 million to write down some of the outstanding capital on a variety of projects, which served to recognize communities facing high annual costs for paying for the service. That annual cost included capital repayment as well as operating costs, so that \$175 million was removed from the indebtedness of a variety of municipalities, and that would of course provide some relief.

4:40 p.m.

Mr. Pierce: I have one other question. I would like tabled for my personal use the amount of money that the Ministry of the Environment has allocated for assistance in funding for the native community throughout the province in both sewage and water treatment.

Hon. Mr. Bradley: This would not be exclusive to northern Ontario.

Mr. Pierce: No.

Hon. Mr. Bradley: It would be for all parts of Ontario. This relates only to sewage treatment—

Mr. Pierce: Sewage treatment and water treatment.

Mr. Higham: We can provide that information.

Mr. Pierce: This is specifically to Indian reserves, the designated reserves themselves.

Hon. Mr. Bradley: As Geoff Higham has indicated, we can attempt to provide that information.

Mr. Pierce: The only other question I have, which I am sure the minister is waiting for, is on the dioxin in the Rainy River water system. I can appreciate the efforts the Minister of the Environment has made out of the Thunder Bay regional office to try to determine the effects of the dioxin and the amounts of dioxin in the system and, more specifically, to locate the source of the dioxin.

I ask the minister to table for me the amount of money that is available or that would be allocated to take whatever steps are necessary to correct the problem of dioxin in the Rainy River system.

Hon. Mr. Bradley: As you know, we have identified where some of it has been found. Specifically, a problem that has been related to the pulp and paper industry and to certain segments of it is the finding of dioxin in the sludge. It does not seem to be found in the effluent when they have tested, but there is the accumulation of dioxin in various places in North America, both in the United States and here in Canada. The most classic examples are in the United States, but we have now seen it in Canada.

I know the member's concern is, if it is found somewhere along the line in the process as reflected in the sludge, can we expect that it is somehow making its way into the waterways? The fish have been tested. I remember getting up in the House and mentioning that a large number of fish had been tested and that a specific number of those fish showed levels of dioxin, which meant it was coming from somewhere. The only place we had identified it in any distinct way was in the sludge in the mill.

Peter Crabtree is assistant director of the ministry's water resources branch. Can you elaborate on that?

Mr. Crabtree: Yes, we have detected in fish a level of 2,3,7,8 tetrachlorodibenzo-p-dioxin in parts per trillion. The studies are continuing this summer with regard to trying to determine the sources.

As the minister has indicated, at the moment the only source in which we can identify dioxin in a plant is within the sludge.

Mr. Pierce: Again my question is, can you table for my benefit the amount of money that is going to be available to that program on the continual testing of the Rainy River system as well as somehow or other locating the actual source of the dioxin?

In reference to the minister's comment, dioxin was found in the sludge. Knowing that sludge was transported to a dump site, what effect has that had in the possible leaching from that dump site into what is commonly known in the Fort Frances area as the Frog Creek area and into the Stanjikoming Bay and back into the freshwater system of the people of Fort Frances?

I had specifically suggested that there might be a need to do some soil sample tests between the dump site and the Frog Creek area to determine that no dioxin was leaching back into the system again. As you and the ministry know, it costs money to do soil testing.

Mr. Crabtree: You are correct in saying that the sludge has been disposed of in the landfill site. That landfill site has been monitored immediately around its periphery for water samples to detect the possibility of any leaching of the dioxin offsite, and there have been no findings at all of dioxin in any form in that leachate.

Mr. Pierce: The ministry is aware that local farmers living in the area have not that many years ago found dead cattle and made accusations to the ministry that something was going wrong with their water system. I do not want to say it was sloughed off, but nobody acknowledged any responsibility for the dead cattle. If there is none at present, there may have been leaching previous to the testing that is going on now. That is why I say there is a need for some soil testing. The testing that is currently being done is surface testing and there may conceivably be leaching going on in the soil of which nobody is aware.

Mr. Crabtree: I was referring to subsurface leaching, with respect to the samples taken from monitoring walls around the perimeter of the site. That work is continuing this summer so that if any further results of a positive nature come to light, they will be identified.

Mr. G. I. Miller: Was that under the old regime?

Mr. Pierce: If you want to relate back to the old regime or the new regime, I am talking about today and tomorrow, and I think we should be addressing the problem today.

Mr. Chairman: I think you should ignore the interjections.

Mr. Pierce: I should ignore the interjections. You are correct.

Hon. Mr. Bradley: The member may have a further question but in addition to what he has stated, we want to look at the soils to see whether there is a problem with leaching, and additional adult fish collections will be made on the Rainy River and Rainy Lake. I think that is helpful to detect whether it is an ongoing problem.

Spot-tail shiners will be collected at six locations on the system. They have been very good in the past at identifying problems. Clams will be caged at approximately 30 sites from Rainy River to Four Mile Bay and analysed for dioxin uptake and also an extensive surficial sediment survey will be conducted from Rainy River to Lake of the Woods. To investigate the contention that dioxin could be a byproduct of the bleaching process in kraft paper mills, our ministry will collect samples of water, sediment and fish from around other pulp and paper mills for analysis during 1986.

Those are the types of activities. I do not know whether we can actually isolate the precise cost of this. We can probably give you a very good ball-park figure of what those costs would be by breaking them down from the entire budget, but the member does identify something that is troubling. It is troubling the United States, us, the industry and, naturally, the general population.

I know the member faces a dilemma as we all do, particularly in the north where they are extremely reliant on the fish in the area in some cases for food and to attract people for the purposes of sport fishing and tourism. The publicity that emerges from this problem is not helpful to that part of the province. I know the member wants to see that cleaned up as soon as possible so the north can get a good bill of health.

We are working in conjunction with the Minnesota authorities in that regard, exchanging information with them. In the House, Mr. Bernier asked some questions some time ago about the reporting from the Minnesota side and whether they confirmed our figures.

Mr. Pierce: I am sure you are aware that we are not out rushing around trying to panic people—

Hon. Mr. Bradley: I know you are not.

4:50 p.m.

Mr. Pierce: —or cause people to react wrongly to what is an important problem. At the same time, we are not rushing out pointing the finger at somebody as being the polluter. We hope we can

all work collectively to correct it and bring it to a quick solution.

I have one other question. In the 34th progress report of the International Rainy River Water Pollution Board, April 1986, on page 2 of appendix D, there is reference to polychlorinated biphenyls in the Rainy River system. What are we doing in respect to the fact that total PCBs were detected at both stations where the testing is done in the Rainy River system? The frequency of detection varied from 19 per cent at station PD-1 to 31.3 per cent at PC-2. Does the ministry react in any way, shape or form to this particular report? I know you participate in the report by providing information. I direct the question to the minister. What type of reaction does the Ministry of the Environment take to those kinds of comments in a report?

Hon. Mr. Bradley: We take all comments in these reports as being very serious. The member can be assured of that. Specifically, do you have anything to add to that, Dennis?

Mr. Caplice: I am Dennis Caplice, the assistant deputy minister, operations. We participate in the development of those reports through the Lake of the Woods, Rainy River board on which we have members. We will be following up, as part of the river survey work this summer that includes the dioxins you referred to earlier, in-depth studies on the river covering a range of contaminants including PCBs. With this summer's work, which will be breaking out some of the dollars for you, the intent is to be a lot more intensive in looking at situations that are pointed out in that report.

Mr. Pierce: As I gather from the report, all the testing stations are below the paper mill in Fort Frances. I wonder whether there is a need for additional testing stations above the mill to detect whether the PCBs are getting into the system above the mill or below the paper mill in Fort Frances.

Another interesting thing is that the river system is something in the neighbourhood of 60 miles long by the way of the crow flying and longer by the way it meanders down the river. Samples collected from Lake of the Woods in Four Mile Bay, which is 60 miles beyond Fort Frances, showed PCBs to be present in three of the four species samples. It is something that should get some particular attention from the ministry in trying to determine the actual source of the PCBs. It is fine to recognize they are there, but we have to recognize where they are coming from.

Mr. Caplice: It is the intent this summer to do that with the stepped-up survey and to move above the mill as well. Getting back to vote 1801, I hope the minister has the necessary funds to make sure that all the necessary testing and all the necessary precautions to correct the measures are there. I would not want to hear that part-way through the study we have run out of money and we will be testing again next year.

Mr. Chairman: I should remind members that there was an agreement that Ms. Fish would have the bulk of the time today and we are adjourning at six o'clock with the agreement of the members because the minister has to leave then.

Mr. Lupusella: Maybe I can take my questions now?

Mr. Chairman: A very short question because there was an agreement that, because Ms. Fish is away next week, we would give her virtually all the time today.

Mr. Lupusella: I compliment you, Mr. Chairman, for the leadership which you are providing to this committee. I would also like to compliment the minister for the effective public media exercise which he has had for the past year in relation to problems affecting the environment. He is losing momentum unless he is going to attack the problem. In the statement he made last night, he said that pollution must be attacked at its source, but I do not really see any effective manpower shown by the minister in relation to several issues affecting the environment and the public at large.

Even though I am not a member of this committee, I am here to raise a few questions that are of great importance to the public. The first one is in relation to any contingent plan the minister might have in relation to the drinking water here in Ontario in case of a hypothetical nuclear disaster at Pickering.

As the minister is aware, there is already an evacuation plan in place, which nobody would like to see happen. The police are already trying to do something about it, and we should be ready after seeing the Three Mile Island accident and the recent one which was a great tragedy to so many people in Russia. In case this problem happens, the minister has an obligation to have such a plan for the citizens of the province.

Mr. Chairman: May I interrupt? You are straying. We agreed earlier that we would try to get through vote 1801, and you are straying into at least 1803, if not a couple of others.

Mr. Lupusella: Maybe he can give a very short answer.

Hon. Mr. Bradley: The committee that deals with these matters, the emergency planning committee, is meeting on an ongoing basis to discuss these matters, and the Minister of Energy (Mr. Kerrio) has taken note of the concerns people have expressed about the potential for an accident. That is really within the purview of the Ministry of Energy. Dennis Caplice has a brief answer.

Mr. Caplice: I have a very brief answer to Mr. Lupusella. We participate fully in the contingency planning exercises relating to Pickering and to Bruce. Pickering is a more advanced one, and they have had a couple of dry runs. The ministry staff are part of that, including the protection of the public water supplies, foodstuffs and other matters. The lead agency in nuclear planning in the sense you are talking about is the Solicitor General. Our ministry is fully involved, the regional people are involved, and we have plans relating to all the water supplies on Lake Ontario and similarly with those on Lake Huron.

Mr. Lupusella: Is this a combined exercise between the Minister of the Environment and the Minister of Energy?

Mr. Caplice: It involves a number of ministries. The Emergency Plans Act the minister referred to brings together the various types of incidents and various lead ministries supported by other ministries. Depending on the incident we are dealing with, the plan is led by that ministry. In nuclear matters, the Ministry of the Solicitor General is the lead, backed up by Ontario Hydro, ourselves, police forces, Ontario Provincial Police and others. The plan is drafted for Pickering.

Mr. Lupusella: It is for evacuation. I am talking about drinking water.

Mr. Caplice: It includes testing of foodstuff and drinking water as well. Our staff go to the scene and report to a particular point. If there is an incident of that type, then action commences.

Ms. Fish: I do not have any further questions on vote 1801, save that I would appreciate receiving the materials and information on third-language groups. Notwithstanding that, I am prepared to see 1801 go ahead. I realize you will probably call for the vote in that case, or you may not; I do not know. When I have the floor again, I would eventually like to move into the questioning on pesticides.

Mr. Chairman: No problem.

Mrs. Grier: I prefer that you move to Ms. Fish's specific questions, because I have some general ones on 1801 I would like to ask.

Mr. Chairman: That is fine.

Hon. Mr. Bradley: Let us be flexible about it.

Ms. Fish: I thank all of you on the committee for enabling me to proceed with some of this questioning, in view of my difficulty with next week's schedule.

In the material that has been filed with me, I do not see an indication next to the listing of the pesticides that have been added this past year of those that do not carry a positive recommendation from the Department of National Health and Welfare.

5 p.m.

Hon. Mr. Bradley: I understand you were in a discussion with the deputy minister, who can elaborate further on the challenge of getting the information from National Health and Welfare in that regard. As you are aware, it reports to the Department of Agriculture when dealing with registration of pesticides. I have been informed that is relatively private information between National Health and Welfare and the Department of Agriculture in making the decision. While I was listening to another answer, I know that you and Mr. McLeod were speaking, so I will let him elaborate on that.

Mr. McLeod: The situation can best be summarized by saying that Agriculture Canada receives an application from a company that is to market the pesticide. It makes up its mind based on whatever sources of information it has, and included in those sources is Health and Welfare Canada. It makes its decision. Then, through the process with which the member is familiar, the province—and, more particularly, the minister—acts upon the recommendation of the Pesticides Advisory Committee in deciding whether it ought to be licensed in Ontario.

With respect to your precise question as to whether any registered last year did not carry a positive recommendation from Health and Welfare Canada, we can only say there were three products about which the Pesticides Advisory Committee caused inquiries to be made in Ottawa. Those inquiries revealed that the advice given to Agriculture Canada by Health and Welfare Canada involved some cautions. The other staff members who are here can explain that far more accurately than I can.

As a general rule, we are not made privy to the communications that pass between Health and Welfare Canada and Agriculture Canada. Ivy

Wile, the acting director of our hazardous contaminants co-ordination branch, and John Onderdonk, perhaps the person most knowledgeable about pesticides in the ministry, are both here. If they can elaborate on that, I am sure they would be pleased to.

Mr. Onderdonk: The minister and deputy minister have been quite accurate in their outlines today. The Ontario Pesticides Advisory Committee, when asked to review Afugan, Bayleton and Goal, did go to Health and Welfare Canada as well as Agriculture Canada. It also contacted the registrant for the products and requested certain information.

All the information it was dealing with regard to the label warnings placed on the products by Agriculture Canada was reviewed. It further consulted with Health and Welfare Canada about the recommendations it was looking at, as well as the information it would have to put together to make a recommendation to the minister on what it felt would be a product that could be used safely, and whether any conditions should be placed on the use of the compound.

Three detailed reports on Afugan, Bayleton and Goal were submitted. I believe you have a copy of the fact sheets designed by the Ontario Pesticides Advisory Committee, outlining the terms and conditions under which the products could be used.

Afugan was restricted to use only in greenhouses where chrysanthemums were grown commercially. The product is not allowed for use in a greenhouse accessible to the public.

The registration for Bayleton carries the words "for use on winter wheat," but it is restricted. The advisory committee—in consultation with other provincial ministries and in particular with the Ontario Ministry of Agriculture and Food—recommended that the product was only needed here in Ontario for use on hard red winter wheat. That compound was restricted to about 250 growers in certain major pockets across southern Ontario.

Oxyfluorfen Goal is used for weed control in onion production. It is limited to about 400 to 500 onion growers, basically located in the primary muck soil areas in Ontario, from the Holland Marsh over into Thedford and down into the Marenteete Marsh below Leamington.

We had grower meetings attended by all the association people. The individual growers had to come in, and we had an educational program also supported by the Ontario Ministry of Agriculture and Food and our own field staff. Individual permits were issued specifically to

each farm, with quantities in relation to the total number of acres they had in production at this point.

Ms. Fish: I would like to return to my question, which was on the issue of pesticides not carrying a positive recommendation from Health and Welfare Canada being licensed for use. In view of the response, which covered some quite interesting territory, but some quite different territory as well, we could simply establish a couple of things as I understand them.

First, it is the Department of National Health and Welfare that is responsible for the testing of products to be licensed for use in this country. The test protocols are filed with National Health and Welfare, and it reviews them.

Second, the information about whether a positive recommendation is carried on a product is not confidential, but the detail of why a positive recommendation may not be there or of the test protocols may well be confidential.

Third, the question comes back: Three products have been queried on their safety from a health perspective, out of some 75 or more added to the list.

I think my question is fairly clear: Can you tell me how many of the others, if any, lack a positive recommendation from Health and Welfare?

Hon. Mr. Bradley: Before the deputy minister answers, I should indicate to the member for St. George that this was a matter of great contention and discussion at the annual meeting of the Canadian Council of Resource and Environment Ministers. The provincial ministers, this one included, discussed in very forceful terms the need for a very close liaison between the federal and provincial governments on this matter.

As you will know, we have subcommittees of CCREM which meet from time to time to discuss this matter. It is my recollection that one of the subcommittees was looking at this problem, because I was not the only environment minister who expressed some of the concerns the member is expressing today on obtaining that information.

Mr. McLeod: The statement or assumption contained in the member's question at the outset may raise a little difficulty. We are talking about a federal statute that deals with the registration of pest-control products. By law, that statute is administered by the federal Minister of Agriculture, not by Health and Welfare. It is no secret that the federal Minister of Agriculture relies heavily, I assume, on the officials and perhaps the Minister of National Health and Welfare and

that they have a significant input, but there is no statutory or regulatory base upon which the information provided from ministry to ministry at the federal level is accessible to us in the provinces. That is the very concern I think the minister has addressed in referencing the CCREM discussions about the need for the federal Minister of the Environment to take a lead role on behalf of his provincial colleagues vis-à-vis the Minister of Agriculture.

Ms. Fish: If I could come back to this, I want to be very clear. I understand the system extremely well; the federal minister has that responsibility under the act. But the minister also understands the system in Ottawa very well, and the responsibility for reviewing the test results to request further results of the chemical companies where tests are inadequate is the responsibility of Health and Welfare. It carries that out.

While the federal Minister of Agriculture has the specific authority to license, the question of new products, particularly chemical products and their review for health safety, is undertaken by Health and Welfare. I am not disputing the issue of a federal statute. I am simply dealing with a process.

I might say the minister knows that extremely well, because the importance of having a federal standard and federal tests has been stressed numerous times. Apparently, those tests are administered and overseen by Health and Welfare for a very good and sufficient reason.

I go back again: Do you have the information about which of the products failed to carry a positive recommendation from Health and Welfare?

Mrs. Wile: The only product we are aware of, aside from the three Mr. Onderdonk has mentioned, is alachlor, which has now been retired from use.

Ms. Fish: Have you asked whether any of the others that have been added to our regulation in the past year carry or fail to carry a Health and Welfare recommendation?

5:10 p.m.

Mr. McLeod: If I could help there, my understanding is that the way we have been dealing with it is that we rely on the federal Minister of Agriculture to identify for us those cases where there is any statement of caution or concern or suggested limitations or conditions that flows from any of the consultations that he indulges in, be it with National Health and Welfare or otherwise. We have identified for you the four products that Mrs. Wile has identified.

Alachlor was cancelled and we have provided you with the information for the other three. It has been those cases where the indication to us from the Department of Agriculture in Ottawa was that there were some limitations or concerns. We then followed them up in some detail and we have heard Mr. Onderdonk explain the net result flowing from that.

Mr. Onderdonk: That led to the label warnings that we placed on each of those products, which in turn led the province to deal with the registrants as well as the federal agencies in determining exactly what position the province should recommend to the minister in terms of classification of those products.

Ms. Fish: So you do not ask the question in an initiative way; you do not ask, as part of that pesticides review—or you, Minister, as part of your decision to accept the advice of your Pesticides Advisory Committee—whether the products fail to carry a positive recommendation from National Health and Welfare? You do not ask that question, is that correct?

Mr. Onderdonk: That is correct. In the case of alachlor, National Health and Welfare went public to all the provinces based on the environmental contamination aspects as well as occupational exposure aspects, and notified all provincial ministries of health and the regulatory agencies within each of the provinces that alachlor was recommended by it to be cancelled by the Department of Agriculture. The Department of Agriculture has taken that advice and has set up a review committee. At present, alachlor is a cancelled compound.

With regard to the federal system, it certainly is the manner in which it is operating. It is the responsibility of the federal Minister of Agriculture to take into consideration all advice from all other advisers, including National Health and Welfare. This is what led to the label warnings that have been issued on the products by the Department of Agriculture. It has issued a temporary registration for one year and one year only.

Ms. Fish: I remind you that no such products, regardless of federal action to permit the sale, can be sold or used in this province without the specific approval of the minister and the appropriate regulation being amended. When the minister receives a report from the Pesticides Advisory Committee recommending listings, does he ask which of those recommended fail to carry a National Health and Welfare positive recommendation?

Hon. Mr. Bradley: I ask that they have checked all appropriate sources, and among those sources on some occasions has been National Health and Welfare, as has been described. Our reliance has been on the Minister of Agriculture to provide the advice to us as a provincial government, on these products, taking into consideration the advice he has received from National Health and Welfare.

The member's suggestion, if I am correct—and correct me if I am wrong—is that she believes that a preferable matter of dealing with this would be not to deal with the Minister of Agriculture, but rather to deal directly with National Health and Welfare, and in that way be absolutely assured that the information was coming direct to us as opposed to coming through the minister who has responsibility at this time, the Minister of Agriculture.

Again, that is a matter which I will be pursuing within a couple of months with the federal minister at the annual meeting of the Canadian Council of Resource and Environment Ministers. I hope to get the intervention from the federal agricultural minister in that regard.

I understand what you are saying in that you do not believe that the information provided by the federal Minister of Agriculture is in itself sufficient information for us to have.

Ms. Fish: I am saying that an independent responsibility rests on the Minister of the Environment, and I think it quite reasonable that the minister satisfy himself with respect to the health aspects. There is currently one way to do that, which is to ask the question specifically.

Your officials have doubtless shared with you, in preparing you for this discussion today, that neither Bayleton nor Goal carried alerts with regard to health and welfare when they were processed a year ago through the then Pesticides Advisory Committee with a positive recommendation that in no way made reference, in the case of Goal, to cautions for women of child-bearing years.

It was indeed a subject of considerable questioning initiated by the then minister that led to a referral back and reconsideration that, among other things, led directly to inquiries with the Department of National Health and Welfare about the status of test protocols and the materials and to a subsequent revision in the recommendation made by the Pesticides Advisory Committee. I point to all of that as being to the good, if a process might conceivably come into place that would take more initiative in taking responsibility directly for asking the questions.

I had hoped that process would have continued after the change in government. I had hoped that very specifically, precisely because we have found areas where the proposed pesticides do not carry positive recommendation. Some do not carry positive recommendation because, for example, as with captan, they were tested under the fraudulent Industrial Bio-Test Laboratories in the United States. Further tests were requested by the Department of National Health and Welfare and, to the best of my knowledge as of today, are still not provided.

Similarly with Bayleton, where the request for further test data, in an inadequate test protocol alluded to in the course of the fact sheets, led to some considerable concern. I will not discuss the specifics of the concern because that quite properly remains a confidential matter within the test protocols, but there was a sufficient concern that National Health and Welfare refused to give a positive recommendation. That applies in other areas as well.

The concern I have is that we are dealing with the safety of products here in Ontario. We are dealing with product safety for those licensed to utilize the products, the safety of those who might be exposed if they are not using the product and, within the context of the environment, the safety of those who might be dealing with a residue of a product on farm produce or crops or the residue that might be found in our air, in our land or in our waterways.

I very much hope the minister might consider reinstating the seemingly modest change that has been put into place respecting the review of pesticides, which, none the less, I believe can have a profound effect on the quality and calibre of information in front of you to deal with the approvals of materials.

5:20 p.m.

I also speak of the National Health and Welfare recommendations in testing for another reason. Because of time considerations, I will try to shorten this and bring it into focus.

For example, we were talking the other day about testing, about where one goes to get information on toxic substances and how we go about doing that. Dr. Balsillie was before us, providing some information on the concern about dioxin, on the concern about setting a standard or control for use, of the need to look to other jurisdictions that undertake testing and to look to other areas that have prepared the information and to put it together to inform this jurisdiction in Ontario of the appropriate course of action.

Similarly, I suggest that if we are not in a position to undertake the testing ourselves, as clearly we are not—we are not even dealing with the desirability of whether we should be—then surely every effort should be made to have the most complete test information in front of those groups that are reviewing, for purposes of permitting or disallowing or establishing conditions on permitting, those materials that would be used here.

I suggest that a key player in this is the Department of National Health and Welfare, because of its role in reviewing and requiring the testing and its clear role in making either a positive recommendation for use, a negative recommendation for use or withholding any recommendation because of inadequate tests. In these cases, it is interesting to note that the recommendation has been withheld because of inadequate tests, rather than a recommendation going forward. The inadequacy of the tests of at least one of the products has been alluded to. There is clear concern about the potential for birth defects being created.

Hon. Mr. Bradley: Which one is that?

Ms. Fish: There is Goal and likely Afugan as well. With both of those, clear concerns are there. That is the standard reason for the exclusion of women of child-bearing years being permitted to mix, handle, apply or otherwise be exposed to material during its active phase.

I suggest that with the concern about the amount of toxic materials going into the environment and the amount of toxic materials to which the public is exposed, any moves that would be introducing or expanding the degree to which there are specialized toxic materials that can have the effect of creating birth defects would be a matter of utmost concern. I would surely rival the concerns about the steps that have been taken in two other areas I will name, neither of which has been identified specifically as possible mutagens. They are alachlor, because of its possible carcinogenic aspects, and dioxin.

Hon. Mr. Bradley: I will respond very briefly to the member on that, with the products she has identified. Certainly, I asked for a further review of those products even though I was getting letters and representations by telephone and in person from many members of the Legislature that I was being obstructionist and totally unrealistic in holding up the potential use of these products.

As I think the member has indicated, I wanted to assure myself that the Pesticides Advisory Committee had updated its consideration of these

products and simply was not prepared to go on what was available a year ago. The member has identified that it is a "dynamic" process—the word they keep using now—which is that it continues on. Those reviews should be continuing on an updated basis and not simply relying on information that might have been sufficient in a previous year. The member is in a contentious area but it is one that has to be faced. I go back to the fact that I would be very surprised if it were not a very prime topic at our meeting this year. I would like to see it done on a uniform basis.

The member will remember the great contention of those who want to use the product is, "Our neighbours in Quebec, Manitoba or New York state use it, and you are therefore going to place us at a very bad competitive disadvantage." While that should not be the overriding consideration by any means, I must say it would be helpful if we had the usage or nonusage of a product on a national basis so our people were faced with some degree of fairness.

When it comes down to the crunch, on that basis, we should be prepared to prevent its use in our province if we feel it is not safe.

I am sorry; I did not want to interrupt the member.

Ms. Fish: No. My next point was to make the point that the patchwork of approvals across the country is a serious problem. When the minister of the day refused last year to amend the regulation to include Bayleton and Goal, that created an express concern because of that very patchwork of approvals. That is a problem that comes with the territory. If within a jurisdiction we want to have the right to take the judgements that protect our people, then the occasional responsibility of facing the problem of a patchwork of licensing elsewhere is one that is faced regularly.

It is no surprise to me, and certainly was not a year ago, that the growers of this province would lobby intensively to have available to them the most modern, the most cost-effective and the easiest-to-apply products that are available anywhere in North America and, indeed, anywhere in the world. Why should they not? They are in the business of trying to generate crops of considerable yield at reasonable cost and want to do so as safely as possible. They, like many members of the public, will express a certain confusion in their minds about the degree of safety or lack thereof of products that are licensed elsewhere for use but perhaps not licensed in Ontario or licensed here with a different degree

of restriction, more restrictive perhaps, than elsewhere.

Hon. Mr. Bradley: That is particularly true with those products where there is not considered to be an alternative. It becomes less of a lobbying effort if there is an alternative. If it is a matter of cost, and there is not a great difference in the cost, ministers who are responsible do not get the same degree of representations made as when there is not an alternative product in the view of those who wish to use those products.

Mr. Onderdonk: Minister, perhaps I could expand for a moment on the point you have made.

The first point I would make is that the Department of National Health and Welfare has said it would not approve of full registration for Afugan, Bayleton and Goal. It has also said the studies are not definitive. It has not come out and said the studies indicate to date there are all kinds of problems with these three compounds. That is why the compounds are under a temporary registration, which is allowed for one year. Additional studies have to be submitted. I have also been informed, in the case of Goal, that a new teratology study has already been submitted by Rohm and Haas as part of the conditions to allow for the 1986 temporary registration that it has.

5:30 p.m.

To follow one point further along the line of what you were talking about, Canada is probably the most restrictive country in the world with regard to the use of Afugan, Bayleton and Goal. If you go south of the border to our neighbours in the United States, Goal is being used on cotton, soybeans, tree fruits, apricots, cherries, nectarines, peaches, pears, plums, prunes, walnuts and a whole host of other foods. In Canada, we are allowing the use of oxyfluorfen for one use and one use only at this time: weed control in onion production.

With Bayleton, the amount of Bayleton that is being used in Ontario, if not in Canada, could probably be put into the trunk of a car in comparison to the quantities that are being used in France, West Germany and the United Kingdom. Again, south of the border it is being used on apples, pears, grapes, watermelons, cucumbers—a number of food crops.

The high standard of the Canadian system with regard to what we will allow into the Canadian market is such that it may well be that we are more cautious and more stringent. In addition, we have placed the use of these compounds under

specific-use permits, which we are monitoring in the field.

Hon. Mr. Bradley: That is correct. I would doubt we would want to be more restrictive.

Ms. Fish: The appropriate phrase about the Department of National Health and Welfare testing is that the test protocols are incomplete. That is a concern around these products.

You have made reference to the very limited use here of Goal, for example. I acknowledge its use is limited. I might say in passing that registration of thalidomide in west Europe in no way justified its use or registration here. Therefore, I am not entirely satisfied that there is ample justification because of certification elsewhere.

Hon. Mr. Bradley: Which product did you mention?

Ms. Fish: Thalidomide, as distinct from examining and using the drug—

Hon. Mr. Bradley: I do not know how fair a comparison that is.

Ms. Fish: It is fair to the extent that an argument is being mounted about extensive permission being used in other jurisdictions. I simply put the point that it is insufficient; what must be looked at is the quality of the testing and the areas in which testing is incomplete and a judgement made about the appropriateness of use in this jurisdiction.

Hon. Mr. Bradley: I do not think anybody would quarrel with that. The fact that we in Canada have restricted the use of these products is an indication we would not quarrel with that. John was simply noting their use in other places. We should be pleased they are not used here.

Ms. Fish: That is exactly the issue that brings me to my next question. What steps, if any, have you taken to ensure that imported food products are subject to the same requirements with respect to application of herbicides, pesticides and fungicides prior to harvest as Ontario farm products are subject to?

Mr. Onderdonk: The importation of food into Canada is covered by the Department of National Health and Welfare under the Food and Drugs Act. The tolerances for pesticides are established by that department as part of the registration process. The department also carries out a full monitoring program on produce coming in. Those programs are supported by provinces across Canada. In particular, most of the ministries of agriculture and food at the provincial level will be involved in sampling programs. From an environmental viewpoint, our ministry

is involved in looking at the environmental aspects but not at the importation of food.

Ms. Fish: There is always this difficulty of moving between ministries. That is why I did indicate I was interested in exploring the relationships between ministries. Provincially, it is the Ministry of the Environment that licenses the use of materials and then sets the formal standards; in the case of Goal, for example, they indicate no application shall be made on onions within 56 days of harvest.

Precisely because our farmers will want to be as safe as possible in their farming practices, environmentally safe for the health of those who work in their fields and of those who subsequently consume their products, they will also want to ensure that they are not placed in an unfair competitive position by virtue of farmers in other jurisdictions not being subject to the same stringent requirements but none the less having their foodstuffs available here with potential concern.

Let us just deal with onions. I realize it would be a matter of the Ministry of the Environment and you, Minister, taking a lead on this but not necessarily having the final control, but tell me what steps you have taken to satisfy yourself that onions sold in Ontario that come from any other jurisdiction have not had an application of Goal within 56 days of harvest.

Hon. Mr. Bradley: In terms of imported food, that is very difficult to determine. It is also an interesting matter of how you would get away with that under the General Agreement on Tariffs and Trade when you are attempting to trade products and what retaliatory action you would face from other countries in terms of the products we send to them. In our case, we might assume that the restrictive use of pesticides on most products in our jurisdiction would mean they would not have as great a worry as they might have with their own products or with those from another country.

On the other hand—and the former Minister of Agriculture and Food must have wrestled with this to a certain extent as well—when you get into GATT and start restricting what comes into your country, that is something that might come up at the trade table. For instance, one of the peripheral issues to be discussed between the national government and the United States at this time might be how the importation of food would be affected by free trade and any restrictions we might have. They might wish to place that on the table as they do other issues.

Ms. Fish: Minister, I would not want you to leave any misimpression in this committee that, as part of GATT or free trade discussions, you would place the potential health of the people of this province on a table when it comes to dealing with toxic matters.

Hon. Mr. Bradley: You would not want to leave that misimpression, nor would I. We can certainly dispel that misimpression right now.

Ms. Fish: Therefore, I hope you will take the question seriously and say what steps you have taken. I gave you one example, Goal, but you can pick your example. At what point is there a logical follow-on within Ontario from the restrictions that may apply for a variety of reasons, one of which is residue in the product, which deals with the health of the consumers, applied in its logical extension to residue in the product for health of consumers for those products that are imported?

Hon. Mr. Bradley: The Department of National Health and Welfare, which has jurisdiction over this matter, would want to ensure that those products coming into the country are safe and would want to do so on a national scale. I would implore them to do so. From news reports I have seen, I understand questions have been asked in the federal House on this very issue. It seems to me I will continue to urge the Department of National Health and Welfare to ensure that the products coming into this country, right across this country, are safe in terms of health standards.

I recognize the problem, and I do not wish to diminish the difficulty which the federal minister is going to have in dealing with that in suggesting what specific products may be used in the production of food in another country and his restrictions on that. When I talked about it being a matter of GATT, I simply said it is a matter of discussion that we have concerns in that regard. It is a good place to set those concerns on the table, not for the purpose of sacrificing our standards but rather to emphasize the need on an international basis for using products that are safe.

5:40 p.m.

Ms. Fish: In view of the time, I will allow some of my colleagues to pursue that, or I will on another day if we are sitting on another day.

Can you tell me if you are doing any testing for alachlor this season?

Mr. Onderdonk: Yes. There will be a program that will look into taking samples in most of the major centres where we were

involved with the sampling program last year. It is part of a fuller program that is being carried out by the ministry looking at a series of different pesticide products. If the member wishes further information, I would ask—

Interjections.

Mr. G. I. Miller: Can I ask what alachlor is basically used on?

Mr. Onderdonk: Alachlor, trade name Laso, is a herbicide used for broad-leaf weed control in two major crops in Ontario, corn and soybeans. It can be put on pre-emergent or post-emergent.

Mr. D. W. Smith: Did you say "broad-leaf"? Is it not for grass?

Mr. Onderdonk: Excuse me; grass control—annual grasses.

Mr. Crabtree: Last year's program related to alachlor was primarily directed at municipal water supplies and private wells in the southern parts of the province. In terms of the municipal systems we looked at, 49 were sampled on a regular basis, and where alachlor was detected at levels of one microgram per litre or more, added activated carbon was applied in those systems. Alachlor above the level of one microgram per litre was not detected in any treated or untreated water at the other waterworks that were monitored.

The thrust of the program last year for private wells was to determine where there were problems related to the entry of alachlor and other pesticides into those wells. That work related to sampling at 305 wells, and the main finding was that the problems related to the construction of the wells themselves. Where contamination was found in those wells, it was either because of very shallow wells constructed in inappropriate locations to insufficient depths or because the construction of the wells themselves was inadequate near the top and there was probably entry of pesticides into those wells from the surface.

The reason I mention that is to contrast it with the program for this year, which is directed primarily at looking for aquifer contamination as compared with specific well contamination resulting from improperly constructed wells. We are looking this year at a number of aquifers. In the province, some 49 aquifers are being looked at and some 50 wells within those aquifers are being sampled. We are looking for indications of contamination in the aquifer that may spread and cause problems in a number of wells. That program started in May 1986 and will be

continued throughout the summer, with a report later in the year. There is a different thrust to the program this year, but it is being continued on the same sort of scale.

Hon. Mr. Bradley: Heavy discussions took place with the federal department, and I know the member for St. George communicated with me by letter about the possibility of their stocking up and getting it in the hands of the farmers or having it available for sale and then all of a sudden their saying it is unfair because you are cutting it off. I remember she communicated with me on that concern about alachlor for this year, saying that if it did not get a stop put on it, we would have it being sold in any event and great pressure to sell it. It seems to me that happened to a certain extent last year.

Both the provincial Minister of Agriculture and Food (Mr. Riddell) and I have discussed this with the federal Minister of Agriculture. As a matter of fact, I spoke personally to the federal Minister of Agriculture about it when he was in St. Catharines for the major GM announcement that was made earlier this year. That has been a difficult process, but I knew what the member was talking about when she said you have to be careful that they do not get it all stocked up and start getting it ready for sale, or even on sale, and then cut it off after that. Therefore, I understand that aspect of the problem.

Ms. Fish: Do I understand that this year's testing program, directed as it is at aquifer contamination, is testing on an assumption that alachlor is not being used this year?

Mr. Crabtree: Alachlor is included in the list of pesticides being monitored.

Ms. Fish: That is not quite what I asked. You were at great pains to draw a distinction between the rather fine-grain testing in the 1985 program and a broader range of testing this year. Is that changeover based on the assumption that alachlor is not being used this year?

Mr. Onderdonk: Further to the minister's comments, based on the discussion between our minister and our federal colleagues, federal action was taken to cancel the use of alachlor for 1986. Federal inspectors were sent to all retail outlets and farms across Canada to put a seizure notice on all containers of alachlor.

Monsanto Canada Inc. is currently in the position of purchasing back all containers of alachlor from the farming and vending communities. They will stockpile them, awaiting the outcome of the federal hearing. If they do not receive a registration for 1987, they will ship the

product back to the United States, where it will be allowed for sale. They do not anticipate action on alachlor in the US to be taken for probably the next three or four years. The monitoring program has been modified.

Ms. Fish: So surely the answer is that it changed on an assumption that alachlor is not being used this year. The short answer is yes.

Mr. Crabtree: No, it has not been made on that basis. It has been made on the basis that the construction and proper maintenance of a private well is the responsibility of its owner. Our responsibility is to provide guidance on how wells should be properly constructed. Where there are suspicions that there may be problems, we will provide assistance in terms of monitoring and analysis.

The reason for the change in the thrust of the program this year is that we want to look on a broader basis at whether people who have properly constructed wells are likely to meet problems as a result of the movement of pesticides through an aquifer.

Ms. Fish: It is extremely important. I am not in any way suggesting that this year's program is not desirable. Would you have made that change if alachlor were licensed for use this year? Would you have abandoned the individual well testing?

Mr. Crabtree: The decision to move to aquifer monitoring, as compared with individual well monitoring, was not based on the actions that have occurred with alachlor.

Mrs. Wile: I can add to that. If alachlor had been allowed for use this year, the specification of the alachlor review board, which is part of an extension of the temporary registration, would have been that Monsanto assume the responsibility of testing wells for anybody who required that to be done. That would have covered all the shallow farm wells which were of concern in previous years.

Mr. McGuigan: May I make a point here? The real question is whether alachlor is being found in wells because of careless use. A poor wellhead is part of careless use. Or is it percolating down through the soil, becoming biodegradable and getting into the water? If that is happening, it is a very dangerous chemical, and we should not even consider using it. On the other hand, if it is only getting in because of careless use, we should stop the careless use.

Mr. Crabtree: The findings last year at the wells in which alachlor was detected were that some of the presence of alachlor was related to the improperly protected top part of the well. In a

case where a well was properly constructed but simply too shallow, maybe 15 or 20 feet deep, in relatively poor soils, there could be a fairly easy pathway for any contaminants in the farming area or adjacent to the well to run down its side and enter at the bottom.

There were one or two cases, as I recall, where the drainage in the general area was towards the well instead of away from it. Fairly simple management handling can deal with those situations.

Mr. McGuigan: God forbid that the farmer fill his spray tank alongside the well.

Mrs. Wile: There were several incidents in which they found alachlor.

5:50 p.m.

Mr. Onderdonk: It is not only alachlor. In some of the poorly constructed, poorly maintained wells, you found just about everything else that was being used anywhere near that wellhead. If you had fertilizer being used there, it was going in, and a number of other contaminants, even gasoline where the car was parked beside the well.

Mr. McGuigan: But one hopes and expects that away from the well, when you put it on the soil and percolate it through the soil and the bacteria and so on, the chemical would be rendered harmless before it gets to the aquifer. It could very well be happening. Research would determine whether it is.

Ms. Fish: Presumably, that is one of the things the aquifer research will do, touching on the question of what it is that gets as far as the aquifer and the degree to which there is contamination.

Mr. D. W. Smith: If there is a rainfall of four inches, for example, have you ever run tests on whether the alachlor can go down through to the tile drains and then out into the streams?

Mr. Crabtree: Last year's alachlor program included a number of surface sources as well. In those cases, where alachlor or other pesticides were detected, they could be attributed to well-drained areas or areas with relatively rapid runoff into the adjacent watercourses we were sampling. The answer is yes, that is another pathway.

Mr. D. W. Smith: We have had some larger rainfalls than that in our area this year. There is no breakdown of the chemical; it percolates down through in a matter of hours.

Mrs. Wile: Unfortunately, the work that was done last year was related to total rainfall rather than intensity. Efforts are under way now to

rectify that situation so that we can try to relate total rainfall, intensity of rainfall and percolation into the soil.

Mr. Onderdonk: In addition, we have to recognize that when the material is applied, in the case of alachlor to the field crop, there is very little crop cover. If you have an extremely heavy rainfall, generally speaking, it is overland movement away into an open drain area rather than movement down through. With heavy rainfalls, the soil is sealed off and percolation is exceeded, and there is movement overland rather than down in. There will be chemical and biological degradation and photodegradation of all the chemicals used in crop production, and they vary depending on the type of compound you would be looking at.

A number of studies are under way to look at that. The Ontario Pesticides Advisory Committee is funding work at Guelph and at Trent University to look at the overland movement of pesticides versus the movement down through the soil profile as well as into the tile drainage.

Ms. Fish: My last question on alachlor deals with the stocks, particularly those that were cleared out in December 1985. For those stocks that were sold then, was there a tracking on waybills to contact the purchasers, who clearly had bought them for one reason only: the hope of using it in the 1986 season?

Mr. Onderdonk: I have been informed by my federal Department of Agriculture colleague in the regional office at Sheppard and Yonge that they have gone to all the vendors and checked all the vendors' records in Ontario. They have determined where the material was sold during the last year. They have then gone back out to the farming level and put seizures on all the product. They say they can account for 99 per cent of the product that is in the marketplace now. It is being recalled at this time by Monsanto.

Ms. Fish: My colleague has some further questions on licensing the chemicals.

Mr. Stevenson: Just to follow up on what Susan was saying about some of the new chemicals, when the federal government or the provincial government asks for additional information on a chemical, is that additional information usually in the animal toxicology area or the environmental toxicology area?

Mr. Onderdonk: It is fair to say it varies across all the different types of studies. Sometimes it deals with efficacy; sometimes it is residues in the environment versus residues in food; it may be environmental toxicology in

terms of aquatic invertebrates or aquatic organisms in general, or it may deal with a long-term study that by today's standards did not test the compound to the maximum scrutiny under which that compound would be put today.

One has to acknowledge the fact that it takes about eight to 10 years to do all the research work necessary to get a compound registered. Having done all that work and asked the Department of National Health and Welfare and the other federal advisers to spend anywhere from two to four years to review all the data, with the way we are taking quantum leaps in new scientific advancement and technology, we find some things are not up to date. That is what the Department of National Health and Welfare has said on Goal, Bayleton and Afugan. By today's standards, there is a need to do certain extra work, not that there are problems with those three compounds.

Mr. Stevenson: Possibly when I say "environmental toxicology," I am using the wrong term. For instance, how much additional information is usually required for chemicals where there is some delay in licensing, in the case of such things as disappearance curves related particularly to the environment we have in Canada as opposed to that in Europe or wherever? Those disappearance curves could be soil residue, residues in products, or whatever. Is that a commonly requested item or not very common?

Mr. Onderdonk: At the federal level, they now require Canadian studies. It used to be they would accept studies carried out in Europe, Japan or the US. Now they qualify acceptance of those studies, give a temporary registration and require the company to do Canadian studies, so there are actual Canadian data.

Mr. Stevenson: To clarify my own understanding, would you call disappearance curves in soil or in grain "environmental toxicology"?

Mr. Onderdonk: It is chemical dissipation and it can be interpreted with regard to environmental toxicology or human toxicology in terms of a residue left to be exposed to a human being. The studies are interconnected.

Mr. Chairman: I thought it was a trick question.

Mr. Stevenson: I received a trick answer.

We keep hearing that the size of the Canadian market is sufficiently low that chemical companies may well reduce their licensing activity in Canada. Most often we hear that with regard to the fruit and vegetable industry. Do the staff and

the minister believe that is the case, or are the companies just using that to try to get materials through with somewhat fewer Canadian data?

Hon. Mr. Bradley: I hate to sound anticompany, but I think they will use any method they can to get their products on the market, which means we have to be ever-vigilant, especially when exposed to the people who are trying to have a particular product approved. We have to be ever-vigilant, as I think they will use whatever method they have to. I do not know what your experience is.

Mr. McGuigan: What is their motive?

Mr. Stevenson: To save money. I could use the example of Ramrod, which I think will be the next issue on onions. It is being used in the US right now. What is the likelihood that is ever going to be tested or licensed for use on onions in Ontario?

Mr. Onderdonk: It is my understanding that there are negotiations under way between the company, the Department of National Health and Welfare and the Department of Agriculture. At this time, the federal authorities will not allow the use of Ramrod in Canada because the data package is incomplete.

Further to the minister's previous comments, when it comes to what should be available in the marketplace, I believe it is up to the private sector in terms of what it feels it has needs for and the other ministries, such as the Ministry of Agriculture and Food, which are involved in the production aspects. We are involved in the regulatory aspects of making sure that the

environment is being protected, as well as the human health aspects.

If you want an idea, the annual Canadian sales of pesticides is in the neighbourhood of \$750 million per year. California alone well exceeds that. I know there are many differences between Canada and California, but that puts the thing in perspective as to how big the Canadian market really is. We do have a lot of minor crops.

Ms. Fish: There are major differences in climate and tremendous potential for highly divergent test results on something as simple and obvious as the disappearance curves. That is precisely the point in dealing with the test and the lack of completeness in the test, particularly in terms of Canadian data, but also speaking generally.

Mr. Onderdonk: That is also why the studies are carried out in the laboratory as well as in the field and why we are much more stringent now in requiring Canadian data on the products. I agree with you 100 per cent.

Ms. Fish: We are licensing them in the absence of Canadian data and in the absence of completion tests.

Mr. Chairman: We should adjourn now, as we committed to do earlier. Tomorrow, Dr. Chant will be here from the Ontario Waste Management Corp.

Hon. Mr. Bradley: Bring lots of ashtrays.

Mr. Chairman: We will continue our estimates after routine proceedings tomorrow.

The committee adjourned at 6:04 p.m.

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No. R-5

Hansard

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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Thursday, June 26, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, June 26, 1986

The committee met at 4:03 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

On vote 1804, utility planning and operations program; item 1, capital management and revenue activity:

Mr. Chairman: This afternoon, we have Dr. Chant with us, who is chairman of the Ontario Waste Management Corp.

Welcome to the committee, Dr. Chant.

I think we should simply proceed. Dr. Chant wanted to make a few opening remarks. In a technical sense, the way the committee unfolds, we are actually on vote 1804.

Dr. Chant, I would encourage you to go ahead with your few opening remarks.

Dr. Chant: Thank you, Mr. Chairman. I do have a few opening remarks and then I would be delighted to stay with you for as long as you wish, to answer any questions I might be able to answer.

First, perhaps I could introduce my companions from the Ontario Waste Management Corp. There is Lorne Bentley, who is our director of administration and finance, who will handle financial details. There is Michael Scott, who is just sitting down, who is our director of communications, and Mrs. Beth Benson, my executive assistant.

Mr. Chairman, I would like to thank you and the members of this committee for providing me with an opportunity to report to you on the work of OWMC in the context of our 1986-87 spending estimates. When I last met with this committee in 1984, we were examining eight possible sites for the location of an industrial waste treatment-and-disposal facility.

Since then we have completed a great deal of work and I thought it might be helpful to spend the next few minutes summarizing some key aspects of our activities over the past few years.

As you all know, we announced the selection of a preferred site in the township of West Lincoln last September. We are now gathering and analysing much more detailed site-specific information that we require for the completion of our environmental assessment under the provisions

of the Environmental Assessment Act of Ontario.

I hope the final stage of the process can be completed this fall in time for our draft proposal to be reviewed by the public and by government agencies before the end of this year. This likely would mean that the formal public hearings under the Environmental Assessment Act would begin some time in calendar year 1987.

As members of this committee know, the selection of this site was the result of a step-by-step process that began in January 1982, shortly after we rejected the South Cayuga site. Since then we have evaluated more than 150 possible sites, using literally hundreds of environmental factors. We have met with more than 1,000 groups and organizations over the past 18 months alone. Sometimes I think I have been at all of those 1,000 meetings, but not quite.

All of these efforts are essential if we are to be successful. When we began our work, I was very aware of the fact that several jurisdictions in North America have tried to site and build similar waste treatment facilities. These attempts have all failed for various technical as well as political reasons.

It was clear to me then and is still clear to me now that if we are going to be successful we must ensure that the job has been done thoroughly, openly and in accordance with all the various standards and requirements a public agency such as ours will be expected to meet. If not, then in my view, we will have set the whole process back at least another decade.

I should also add that the Environmental Assessment Act is very specific in demanding requirements, and properly so. For example, under the terms of the Environmental Assessment Act, the Ontario Waste Management Corp. must not only provide specific details on the type of waste management system we are proposing but also must present evidence that we have researched and analysed all reasonable alternatives to our proposed system.

Ultimately, after weighing the various advantages and disadvantages of the alternative systems, we have to demonstrate that the system we are proposing is a safe and suitable one.

Alternatives to our proposal have become a favourite topic of discussion in the Niagara

Region and in the township of West Lincoln in recent months. Some would prefer that we build smaller plants scattered across the province instead of a centralized facility in West Lincoln. Others would prefer that we adopt mobile technology, assuming that such technology could do the job, and move this technology from plant to plant across the province and some want us to abandon the concept of treatment and disposal facilities altogether and concentrate all of our efforts on attempting to reduce and eliminate at source all of Ontario's toxic wastes.

Each of these ideas has serious drawbacks in our view. Most of Ontario's industrial wastes, approximately 70 to 80 per cent, are concentrated in the industrial belt around the western end of Lake Ontario known as the Golden Horseshoe. The amount of industrial waste generated in other regions of the province is not sufficient, in our view, to warrant comprehensive, expensive regional facilities, nor could such facilities operate efficiently when waste volumes coming to them may be small and intermittent.

The cost of duplicating facilities across the province would be enormous and prohibitive in my view. Finally, the prospect of several site-selection and public-hearing processes under way at once boggles my mind, as I hope it does yours.

There are over 16,000 plants producing industrial waste in Ontario and there is enormous variability among these waste streams. Attempting to match treatment processes with each specific waste stream utilizing mobile treatment facilities would be very difficult, if not impossible. I believe that mobile facilities can play a specific role in treating specific types of waste, particularly PCBs, but the successful application of mobile facilities for the treatment of all types of hazardous waste would present a significant technical, as well as political challenge.

If either OWMC or a private operator opted exclusively for this option, then it would have to go through a site-specific hearing process for every place it wishes to operate this technology. In my view, that would hardly be practical and it would certainly be very costly and enormously time-consuming. It would beg the question of what would be done with the residues and effluents created through the treatment processes in these locations, all of which in turn require safe disposal in an engineered landfill.

4:10 p.m.

On the issue of waste reduction, I believe that more can and must be done to reduce, recycle and reuse more of our hazardous waste. Every waste

produced should be examined to see whether it can be eliminated at source. Technical assistance must be made available to plant operators throughout the province as we begin to promote more effort in this area.

This is the approach that we have adopted at OWMC, but even if our effort in this area is doubled or tripled, there would still remain large volumes of waste requiring treatment and disposal. A need for proper treatment and disposal facilities will always exist in any modern industrial society.

It is important to emphasize there are no industrial waste treatment facilities anywhere in North America that provide the full array of treatment and disposal services necessary to handle the wide variety of organic and inorganic waste generated in a constituency like Ontario. We have looked at facilities in western Europe, the United States, Japan and Great Britain, and we have evaluated over 100 different technologies before selecting those that we feel should be incorporated in the Ontario facility.

At the beginning of this process, we decided that only those technologies that had proven themselves capable of operating in a commercial environment would be examined in more detail. That is a very important point I think people sometimes overlook.

Ultimately this led to the selection of four major components for the plant: (1) a rotary kiln incineration system to destroy organic waste, which is about 30 per cent of the total; (2) a physical chemical treatment plant involving a series of treatment processes to detoxify inorganic waste, the remaining 70 per cent; (3) a solidification plant where the treated waste residues from the physical chemical plant and from the incinerator would finally be solidified with cement, and (4) an engineered landfill where the solidified waste residues finally would be deposited.

The selection of these technologies was only the beginning. We soon faced the critical question of how big the plant should be. Determining the ultimate size of the plant has been a difficult and complex question to resolve. Recognizing the uncertainty that exists in the waste management business—given that about 80 general waste streams are produced in this province by about 1,600 plants, as I mentioned, and the lack of specific plant-by-plant data on waste characteristics and quantities—we set out to determine our facility capacity guided by three key principles:

First, we felt we had to avoid excess capacity. Many plants that have started up in Europe experience this problem even though I think our database on waste quantities is far more complete than any other jurisdiction in the world.

Second, we felt that the facility must be capable of expansion, if this proves to be necessary, when the market has been tested with minimal cost. For this reason, we selected technologies that favour increased capacity through extra shifts rather than the construction of additional new installations.

Finally, we felt the plant must be capable of treating all types of industrial waste produced in the province that require such treatment, even though we will not be receiving all of the quantities of these wastes that are produced.

As a public agency, we must have the capability to destroy and dispose of any type of industrial waste produced in the province that requires such treatment no matter how expensive or complex it may be to do so. I believe these are sensible guidelines that have resulted in the design of a facility that will have an initial capacity to treat 80,000 tons of waste per year, rising to 150,000 tons by increasing shifts but without any additional capital expense, and with the ability to expand up to 300,000 tons per year, if the market warrants, by modular expansion.

This represents a relatively small percentage of the total volume of the waste that appears to be generated in the province each year and is, in my view, a prudent estimate for entry into the marketplace, not knowing at this stage the degree to which the four Rs—waste reduction, recycling, recovery and reuse—and in-plant treatment in the generator plants will expand in the future.

With this quick summary of our work, I thought it might be useful to conclude with a few comments on three particular issues that are of paramount importance to this project. The first issue relates to environmental regulations. As we have often been told by the generators, waste treaters and the general public, treatment or disposal facilities cannot and will not function properly unless regulations and enforcement are in place that require the treatment of certain types of industrial waste in proper facilities.

I might say parenthetically that we certainly were delighted by the announcement made by the minister in the House and the presentation of his white paper which I think underscores the point that I have just been trying to make.

Clearly regulations cannot be tightened too far before a proper treatment facility or other option is in place. On the other hand, a facility cannot be

viable without tightened regulations. The two really go hand in hand.

I believe this places a special importance on how we, the ministry, and waste generators move to accomplish this task. In my view, it must be done in a measured, rational and deliberate way. This leads me to the second issue that I would like to mention, namely the impact our facility will have on the waste management marketplace in Ontario.

In our many discussions with generators, haulers, recyclers and treaters over the past five years, some have expressed concern that our facility will have a negative effect on their business. My feelings are the exact opposite, for several reasons.

The establishment of an OWMC facility combined with tighter regulations will, no doubt, change the entire economics of waste management in Ontario. More wastes will require hauling and treatment which, in my view, constitutes an increased market opportunity for those in the waste transportation and treatment business.

As well, the presence of an OWMC facility will also have an effect on waste reduction and recycling practices, causing a positive impact on the waste recycling business in particular. In other words, there will be plenty of positive opportunities for all of the actors on this stage.

Finally, in my last meeting with this committee in 1984, I indicated that OWMC has the clear responsibility to find a safe site and to build and operate an industrial waste treatment facility on that site as quickly as possible, but I also indicated we cannot go it alone. We need the understanding of public officials, of members of this Legislature, in getting the message across throughout the province that we face a serious problem that must be solved. I can tell you today that message is getting through.

We recently completed a series of meetings right across this province. Without exception, we packed the hall, sometimes on snowy, icy nights, in northern as well as southern Ontario. Everywhere we went, people expressed concern over the toxic waste issue.

I was tremendously impressed, as well, by the high and virtually unanimous level of support for OWMC and the strong message they gave us that we must get on with our job and tackle this problem as quickly as we can.

I realize members of the committee have an interest in many aspects of our work. With that in mind, I will stop here and I would be very happy to try to answer any questions.

Mr. Chairman: Thank you, Dr. Chant.

Mr. Andrewes: I have several questions, with the indulgence of the members of the committee, particularly realizing that I am not a standing member of this committee. I appreciate your indulgence. I will try to be reasonably brief.

I know the minister would desire that I would perhaps be as lengthy as I might usually be but I know you have other important things and I am sure there are other members who have many questions.

Hon. Mr. Bradley: Please feel free to ask as many questions as you want, as the chairman would say.

Mr. Chairman: You notice I did not say.

Mr. Andrewes: Dr. Chant, as you know, I happen to represent the riding of Lincoln, which is your preferred site, the West Lincoln area.

I appreciate it probably is not a matter over which you have very much control. When you made your announcement last October, it was unfortunate that many of the people in the area affected had to read about your decision in the *Globe and Mail* before the press conference was held. I am sure that has been drawn to your attention before. I would feel remiss if I did not draw it to your attention again.

To some degree, it was an insult to the process you have attempted most sincerely to use—that of keeping the public informed, of sticking to an agenda, a timetable—when we found ourselves last October faced with that kind of situation. There were many people who were disappointed, including myself.

Dr. Chant: Do you want me to respond question by question?

Mr. Chairman: I think that would probably be best.

4:20 p.m.

Dr. Chant: I am aware of that feeling. All I can say in response to Mr. Andrewes's comments is that during the two years that we were narrowing our search from eight sites, including two in the township of West Lincoln to the final preferred site in West Lincoln, we held many of those public meetings in that area, thoroughly covering the Niagara region with literally hundreds and hundreds of people.

I can remember being at Wainfleet, for example, and in Smithville during one of those summers—I think it was the summer before our announcement. There were some 500 people in the hockey rink at Wainfleet on a hot July night and there were 300 or 400 in Smithville.

During that phase we also did a very extensive interviewing program, household by household, around each of the eight candidate sites at that time, including the two in West Lincoln, where we interviewed hundreds of people concerning their feelings about this and to get background information on socioeconomic factors.

Finally, at the point when we made our announcement on September 26, 1985, we had by that time produced—I do not know offhand—80 or 90 technical reports on the site-selection process, all of which were lodged in the libraries—the library in Smithville, local schools, Brock University and so on—and sent out to a mailing list of between 3,000 and 4,000 people.

I accept the criticism, Mr. Andrewes. My response is that I do not know what more we could have done. I mentioned to you before the committee convened this afternoon that I was down last night in one of the farm living-rooms near the site to meet with a group of poultry producers—very intelligent people, very good people and deeply concerned people. I do not need to tell you that.

Once again, I found that those people had read almost nothing about the Ontario Waste Management Corp. even though they were within a mile of the site. Most of their information came from local conversations by telephone and, I guess, from the *West Lincoln Review*, the newspaper. If we can think of anything or if anybody can suggest more effective ways of communicating with large populations about issues like this, I will certainly be grateful to know what they are, but I do accept your comments. I do not challenge what you are saying at all.

Mr. Andrewes: I do not want to dwell on that one, Dr. Chant. I wanted to raise it merely because it was a concern of many of those people to wake up that morning and have television cameras on their lawns and people waiting to interview them at their doors when they had thought they were going to a press conference later on in the day to receive the message.

I now come to the whole question of the mandate of the corporation. I refer to clause 3(a) of the act, which says that the mandate is “to research, develop, establish, operate and maintain facilities for the transmission, reception, collection, examination, storage, treatment and disposal of wastes including sewage.” Is your perception of that mandate simply the location, construction and operation of a facility, or is it broader than that? Does it go into the areas of research and development of new technology, for instance?

Dr. Chant: I am not a lawyer and did not bring a lawyer with me, but I interpret the mandate as clearly giving us the mandate to engage in research on new technologies if we felt it had a high priority in our program at a given moment. It is quite likely that at some time in the future we will ask for the authority to exercise that mandate in supporting the development of new technology.

At the moment, however, we feel that, given the urgency of the environmental problem with respect to hazardous industrial waste in the province, our priorities have to be to create these treatment facilities as a beginning and as a cornerstone to other policies and other activities that OWMC may develop in the future.

Clearly, we have a mandate to look at, for example, the whole question of the transportation system that would bring industrial waste to this facility, wherever it may be, and to consider very seriously the possibility of establishing transfer stations in other industrial centres around the province to try to facilitate the transportation of waste and to provide a customer service to those industries that generate the waste.

As well, I personally feel very strongly that OWMC has to be active in the areas of the four Rs. One of the criticisms that is frequently put to us, which I am sure Mr. Andrewes is aware of, is that we are not doing nearly enough in the four Rs, that sensible waste management starts with the four Rs. I agree with that totally.

Again, it is a question of balance. One of the four Rs—waste recycling, for example—is impeded at the moment by the fact that the waste products of recycling—and there are always some—have no safe home to go to yet. The waste recyclers tell us the biggest incentive to expand their business in recycling wastes would be to have our plant so that they could send the residues of recycling to us for safe disposal.

That is a long and rather windy answer, Mr. Andrewes. Yes, I think research in the support of new technologies is within our mandate, but at the moment our priority has to be to get a plant going in Ontario to meet the needs of the province immediately.

Mr. Andrewes: You said that in the establishment of a plant you are looking only at technologies that are commercially acceptable. I think those were your words.

Dr. Chant: I think “commercially proven” were the words I used.

Mr. Andrewes: Commercially proven. You are essentially telling me that in this initial stage

you prefer to look at technologies that are state of the art. Is that fair to say?

Dr. Chant: “Best available technology” or “best proven technology” is the phrase we use to describe it. That is correct.

Mr. Andrewes: In a country full of entrepreneurs and developers, given that the mandate of OWMC is fairly broad and covers virtually any industrial toxic waste generated in the province, do you think there is a risk that you may discourage research and development in the private sector—or in the public sector, for that matter—by staying with the conviction that you will use only commercially proven technology at the outset?

Dr. Chant: I do not think so. I ask members of the committee to imagine what the situation would be if we made a proposal for independent intensive public hearings under the Environmental Assessment Act, probably the most intensive hearings this province would have known to this point. If I were seriously proposing to install unproven technology in this province and to exercise an experiment on the people of this province with technology in commercial application that did not have a safe, efficient track record of use somewhere else—and that has been the standard we have used throughout—I personally would not be able to go forward, in all conscience, and propose the establishment of unproven technology on this scale.

Mr. Andrewes: I do not think any of us would want you to do so. I am only concerned, and I pose the question again, that with this kind of mandate, do you think there is a possibility that some innovative technology might not receive an opportunity in the marketplace, given those conditions?

Dr. Chant: Again, I do not. Let me give two examples.

First, we were approached about two years ago by an entrepreneur who happens to be in St. Catharines. He had a new technological idea for the treatment of heavy metal wastes from the plating industry, which is a major component of industrial wastes in this province. This individual wanted funding for a pilot plant that he considered essential before he could demonstrate the effectiveness of his technology and move it up to a commercial scale of operation.

We acted as a broker for that entrepreneur between the Innovation Development for Employment Advancement Corp. and the federal government to find that person \$80,000, which he got as a grant to build his pilot plant and to

proceed. Now he is in full commercial operation in Port Dalhousie.

We were able to play a very positive role to get that fellow started on a very useful and effective operation for a certain segment of industrial wastes in this province. Otherwise, he would still be sitting at square one today. I emphasize that this did not cost us a penny. We knew where to go to facilitate his development whereas he did not know where to go, and we really acted as a broker.

[Later]

Dr. Chant: May I just correct the record. I mentioned the industry that needed the pilot plant. We acted as a broker between the Innovation Development for Employment Advancement Corp. and the federal government. I said it was in Port Dalhousie. It is not. It is in Port Colborne. I would like to correct that, particularly in view of the geographical area the minister represents.

Mr. Chairman: Thank you.

4:30 p.m.

Second—and I hope I will not be misunderstood when I say this—we have never been approached for direct funds in subvention of research to develop new technology. I know this has come up. Mr. Andrewes, I expect you have in the back of your mind a plasma arc as well as Mr. Fox's company, Dr. Barton and so on. Mr. Bradley has pointed out on other occasions that the plasma arc initiative received substantial provincial funds in the late 1970s and perhaps into the early 1980s.

I have never been asked in any way to provide funds to support that initiative, or by any other entrepreneur to provide funds to support other technological innovations in the province. I say that with caution, because I do not want to be inundated with such requests tomorrow. However, if the need is there, I am saying in response to Mr. Andrewes's point, it has not been brought to my attention.

Mr. Andrewes: I assume, then, that you would be receptive if an entrepreneur came along with a reasonable proposition for a technology that needed demonstration and that could have an application to the treatment of liquid toxic wastes. We need not narrow it to liquid toxic wastes. It is the disposal of wastes, including sewage. I assume it is all wastes.

Dr. Chant: Sewage is in the act for a very abstruse legal reason that escapes me. If any of the legal staff were here, they could help us with it.

I would say yes, Mr. Andrewes. Conditional on our budget being approved by the ministry, by the deputy minister, by Management Board and by the Legislature, we would have to provide funds for that kind of activity, and the approvals of those funds clearly lie beyond our personal responsibility.

Mr. Andrewes: You have referred to the pyroplasma technology. Perhaps you can give us some idea of how you see its application in the treatment of wastes.

Dr. Chant: As I expect most members know, the plasma arc has become a very controversial and interesting issue in the Niagara Peninsula generally. I emphasize that I have visited the plasma arc development facility at the Royal Military College of Canada, and for more than five minutes, Mr. Andrewes. I expect you know that.

Mr. Andrewes: I thought it was 15 minutes.

Dr. Chant: No. It was actually an hour and 20 minutes. But that is not the point. I am not an engineer.

More important, our technical people have visited that facility a number of times and engaged in many discussions with Dr. Barton and Dr. Joseph. In fact, they have worked out with Dr. Joseph an arrangement to go and see the test burn at Love Canal in New York state some time this summer.

I do not feel at all negative about the plasma arc, but it has not been proven in a commercial level of application. It does not have a permit to operate anywhere in the world. Even when it is proven—and I think it will be—Dr. Joseph and I seem to agree completely that, first, it can deal only with the organic portion of the wastes, which is 30 per cent; it cannot deal with the inorganic portion of the waste, the 70 per cent, and nobody claims it can. At the present stage of development and from what can be seen in the near future, it could not deal with anything more than the liquid portion of the organic waste, which boils down to about 10 per cent.

Where we have a disagreement with Mr. Fox, Dr. Joseph and Dr. Barton is on the reality of their expectation of expanding that technology to include solid organic waste at some time in the near future. Dr. Joseph feels they can perfect that technology within four or five years. I am very sceptical about that. The technical people tell me it will be 20 years, if ever, before they can prove it out for solid organic waste disposal. I am impressed by the fact that it has taken Dr. Barton almost nine years to bring that technology up to

the point of a test burn in the real world with real world wastes.

I wish them well. It is a very promising technology within the constraints I have outlined. When and if it is proved on a commercial scale, I can quite easily see it playing a role in this province, and perhaps even playing a role as an adjunct to the facilities we are focused on now, particularly on the rotary kiln incineration.

One of the great advantages of the rotary kiln is that it will deal with the whole spectrum of wastes, from purely liquid organic wastes to organic wastes in drums, in barrels, contaminated transformers, contaminated equipment and clothing and so on. There is no other incinerator process that will do that at the present time.

Just as a final comment, I know Dr. Barton has been quite aggressive in marketing the technology in Europe as well, and I congratulate him on this. He has mentioned trips they have made to Sweden, Finland and so on. It is worth noting that Sweden and Finland, having received that information, have both opted for rotary kilns. Finland put one into operation this year and Sweden put one into operation last year. The facility we looked at in West Germany, which has two five-year-old rotary kilns, is adding a third rotary kiln to its process this summer.

In summation, I hope I am not negative about the plasma arc. It shows great promise to do a very effective job on a portion of the organic wastes that we have in this province.

Mr. Andrewes: Would you comment briefly on the Stablex treatment?

Dr. Chant: Stablex is a private company that runs a plant just north of Montreal in a town called Blainville. It has a proprietary process for inorganic wastes, a counterpart of the plasma arc. It cannot deal with organic wastes. It involves simple upfront physical chemical treatment processes, taking the products of those, mixing them with cement and other reagents to solidify it and then putting them into quite a good landfill north of Montreal.

We have planned the same process in our physical chemical plant. I mentioned at the beginning the technologies we plan, and one is a physical chemical treatment plant, which will give somewhat more sophisticated treatment than the Stablex plant does, followed by a solidification process very similar to, but not the same as, that of the Stablex plant.

The Stablex process is patented. There are 27 solidification processes, and we happen to have chosen another one, but Stablex runs a good operation within that limitation. It is in deep

financial trouble. It has gone bankrupt in two or three states in the United States, I understand from the information I have received, and it has sold out its facility in Great Britain because it could not make it pay. It has problems with undercapacity with the plant it built in Quebec.

Mr. Andrewes: Finally, will you comment on some of the public opinion on the use of what is known, for lack of a better term, as the use of above-ground storage warehousing rather than landfill?

Dr. Chant: Yes, I would be pleased to. First and foremost, at least some of the people who raised the question about above-ground storage were hoping that if we had decided on that disposal technology, we would not have had the same requirement for the deep, uniform, impermeable clay that we have found in West Lincoln. That is a misunderstanding. Even if we had gone to warehousing above ground, we would have insisted from the beginning that we still wanted that underpinning of deep, impermeable clay to provide the natural safeguards to any final disposal method, whether it be landfilling or warehousing.

Having said that we would still have ended up at West Lincoln, I think there are a number of drawbacks to the above-ground warehousing concept, ranging from the following sorts of things. I imagine that members are all too familiar with Lester B. Pearson International Airport in the busy lives you lead. The next time you drive out there, take a look at the Wardair hangar, a very large building next to Terminal 2. We would need a Wardair hangar twice as high as that building for the deposition of one year's treated solidified waste residue, so that over 20 years we would be looking at 20 Wardair hangars on the site in West Lincoln, each of them twice as high as the Wardair hangar at Lester B. Pearson airport. That is not a technical reason, but it certainly is a community-impact, visual-impact and sense-of-intrusion reason for being less than enthusiastic about above-ground or warehouse storage.

4:40 p.m.

Perhaps the most compelling reason of all, however, is the cost. If these waste residues were deposited in a warehouse, there would be a requirement for perpetual maintenance of the fabric of that warehouse. The cost of that as the decades go by is enormous, and it goes up exponentially, so the cost of the warehousing over a 50-year period, the first 50 years of operation, compared to a landfill would be

literally hundreds of millions of dollars more than the landfill.

Third, and perhaps a more technical reason, is that in the landfill, with the waste residues that have been turned into what looks like concrete, a slow process of leaching will go on as rain and other precipitation work themselves through the cover and into the solidified mass. That leachate will be collected and tested, if required. It will be treated as if it were a new waste, and eventually a time will come—nobody knows when—when all of the toxic elements, whatever low levels they are, have gone from that solidified mass. If you had that solidified mass in a warehouse, in 100 years it would still have the same toxic potential it has now because there would be no process of movement out at a very slow rate and at very low concentrations of the residual contaminants in it. I think that is yet another reason for not being turned on by the warehouse.

The costs and what I see as the absurdity of the spectre of things that are equivalent to the Wardair hangars make me pretty leery of the warehouse concept.

Mr. Haggerty: Using the scenario of Wardair, would you not have a similar situation in the Niagara region when talking about “above the escarpment” and you are digging a hole down in the ground for storage there? Is that not a similar situation, that you are above ground in the sense of being above the escarpment?

They have a similar situation in Niagara Falls, New York, and the waste sites at Love Canal. You can go on and on with them. They built them into the same system, in heavy clay, but because they are built on top of the escarpment, there is leakage causing some problems in the Niagara River. Would there not be a similar problem if there was a breakage in the underground storage facilities in the Lincoln area seepage could get out into the lower part of the escarpment?

Dr. Chant: That is a good question, but the answer is no according to our hydrogeological consultants. First, we are about 10 miles from the escarpment. We are not on the lip of something as are those landfills on the lip of the Niagara River on the American side. More important than that, with all of these landfills that we hear such concerning things about in New York State, such as the Love Canal and so on, for none of those was deep, impermeable clay sought as a location for them. They are on rock, right on that limestone, which is a terribly stupid place to put a landfill. It is a guarantee that you will get into the ground water almost instantaneously, and that is what has happened.

We are looking at 35 metres of clay to bedrock. The landfill would be about half as deep as that clay is, so there would be about 15 metres of this clay underneath. I will not go into a lot of technical jargon, but the rate of movement of liquids through that kind of clay—which really feels like Plasticine when you drill a core of it, and we drilled 80 holes on this site—the rate of movement is less than a centimetre per year, and the hydrogeologists, Gartner Lee Associates, who are world-renowned experts on hydrogeology, estimate that before the liquid can move, if it moves at all, from the solidified waste deposited there to the boundary of the site, which is just 50 metres away, it will be 1,200 years at minimum according to the analyses they conducted of the actual movement of water through that clay.

The water in that clay, which is aged by atomic absorption techniques, is more than 10,000 years old, and that means that water was laid down by the glaciers that created the clay 10,000 years ago. There is nothing rushing around under there. It is just sitting there. According to their calculations, that is what will happen with respect to our landfill.

Finally, the landfill sites in the United States that are causing so much concern are landfills that have not even treated the waste. They put raw wastes in the ground, organic and inorganic wastes. They have not even treated it, and none of them has used that final solidification process.

Mr. Haggerty: No, but they put it in containment, an outer shield, when they put it down there. They have gone to bedrock as you said, but they have also gone above the ground level.

Dr. Chant: We are not going above ground. Ours will be level.

Mr. Haggerty: You have a storage there that is similar. If you take it below the escarpment, you will be above the escarpment so it is storage above.

Dr. Chant: Yes, 10 miles away, but because we will not have a big hump on top, which was the image for most of us, mine included before I got into this, we will have a level fill on it so there is no buildup of a head of water. If you have a hump, you are going to get a head of water which tends to dry things out of the landfill. Ours will be entirely static. When the landfill has run its useful life, say in 25 or 30 years, you could build a golf course on it if you wanted to. It will be that flat.

Mr. Haggerty: They have built golf courses on other hot spots too. It looks nice and green, but the problem is still down there.

Dr. Chant: Yes, solidified and detoxified to the extent the best technology can do.

Mr. McGuigan: Even looking forward to possibly 1,200 years from now when it might reach the boundary, will it be water or chemicals that reach the boundary? Is there not an absorption process that goes on?

Dr. Chant: I am not a technical expert on this, but as I understand it there is some debate among soil specialists as to whether some kinds of waste would stick to the clay particles and not move, or whether they will move through with normal water movement, however slow it may be. I cannot comment on the rights or wrongs of that argument except the time factor is literally enormous compared to the normal kind of time horizons we all deal with. That argument will come up at the hearings and I will guarantee there will be some experts who say, "Yes, it does stick to the clay particles," and others who will say, "No, it does not."

Mr. McGuigan: It is pretty well accepted that fertilizer salts stick, but that may not be the case with organic materials.

Dr. Chant: The extent of my knowledge is that there is a debate going on in the profession and it will have to sort itself out at the hearings.

The calculation of 1,200 plus years to move to the boundaries is independent of that. It is assuming that it does not get stopped.

Mr. Andrewes: On the question of site selection: As I understand it, one of the primary considerations in selecting West Lincoln as the site was to get the clay. Can you tell us whether that aspect of your site selection process took supremacy over other considerations on the West Lincoln site, such as the impact on agriculture and the difficulties of transportation?

Dr. Chant: The answer is yes and no. I indicated in my opening remarks we used over 100 different site selection factors. Clay clearly played a role with greater priority than some of those factors such as the location of arrowheads in fields. Clay was clearly a much more important factor than the location of arrowheads, but it was only one of four or five major, dominant factors that were involved in the final tradeoffs between the eight candidate sites that we identified after looking at 152 possible sites.

The final tradeoff was between the West Lincoln site we selected and a combination of two adjoining sites in Niagara Falls. The Niagara Falls site had better local transportation access since it was next to the Queen Elizabeth Way. It had less impact agriculturally because it was

either zoned industrial or was going to be zoned industrial. However, the West Lincoln site has better air-shed characteristics, much better hydrogeology and a smaller impact with respect to the people who will be dislocated. There are only three families in residence, owners, on the site we have chosen. There were considerably more in Niagara Falls.

4:50 p.m.

There were sites that would have had higher agricultural impact than the West Lincoln site. We had three candidate sites in Milton, for example, and two of those sites would have had a higher impact on agricultural production than the site we chose in West Lincoln, if one bases one's calculations on terms of net income per acre, value of crops grown, dependency of families on farm income, and this kind of thing. So West Lincoln did not head the list with respect to agricultural impact.

Finally, the tradeoff between Niagara Falls and West Lincoln boiled down to this: The West Lincoln site, after all of these factors and this process of starting with 152 sites had run its course, would have less risk to human health and the environment and the Niagara Falls site would have less impact on the community with respect to social-economic factors. We had to choose between those two things and we chose West Lincoln because we have always said that our top priority is to minimize risk to human health and the environment, above all else.

Mr. Andrewes: The phase 3 report stated, and I am paraphrasing to some degree, that the West Lincoln sites were relatively less desirable because of the nature of the transportation problems and the agricultural impact. What you are essentially saying is that, in this tradeoff, you have to some degree contradicted the statement of the phase 3 report.

Dr. Chant: I do not think I have, with respect. That statement, which I do not have in front of me, may be an oversimplification. We said at the very beginning that we would rule out any site that was more than 30 minutes from a 400-series highway anywhere in Ontario. We were still looking at all of southern Ontario at that time. We have been consistent with that.

The West Lincoln site is more favourable in transportation from a province-wide transportation perspective than is the Niagara Falls site. The Niagara Falls site is preferable with respect to local access than the West Lincoln site, as we all realize, because Victoria Avenue goes through Vineland and over the escarpment but West Lincoln is better from a total province-wide

transportation point of view, the distance that wastes have to be on the road in the whole province to get to the treatment facility. It is favoured in that respect, even though the local access is not as favourable.

Again, I have to go back to the 151 sites that we did not choose. It is not surprising that, by the time we had picked eight candidate sites from the 152, they were pretty good sites. The differences between them were often judgemental. They were not something you could put down in a mathematical formula and spin through a computer and get an answer. Somebody had to make a decision on the basis of the best information and what we felt were sensible tradeoffs between these competing interests between the sites. That is how site LF-9C arrived at the top of the heap or, perhaps from your perspective, Mr. Andrewes, the bottom of the heap.

Mr. Andrewes: The Niagara area is somewhat unique in its agricultural potential, not only because of soils but the microclimate, etc. Have you assessed the impact of this facility on the unique features of the Niagara area, from the agricultural standpoint?

Dr. Chant: We did at a certain level of detail when we were comparing the eight sites, so that we felt we could make a judgement, using our agricultural consultants, between the probable agricultural impacts of each of those eight sites. We are now doing that in far greater detail and in the first week in July, as you may know, we will be starting on the next round of personal interviews, household by household. We will be doing interviews with 700 households, virtually the entire township of West Lincoln and certainly within a hoot and a holler of LF-9C itself.

That exercise is designed to learn even more about cropping patterns, agricultural rotation patterns, agricultural productivity, the poultry industry, the beef cattle industry, etc. I should point out, at the risk of getting into technical detail at all, that a few statistics are called for here.

We have calculated the emissions from our rotary kiln, which is where the deepest concern lies with the agricultural community, and I understand that, followed by transportation risks. Our estimations, based on the performance of these kilns that are running in West Germany, Sweden, Denmark, Finland, etc., are as follows: The air emissions from our rotary kiln would not exceed two to three per cent of what is permitted under the current regulations in the province. They will clearly be tightened and we can live well within those as well. That is like driving at

two miles an hour in a 60-mile an hour traffic zone, well within the limit.

Second, the law requires us to calculate where the plume from the stack of the incinerator will touch the ground at its maximum concentration. That is a point about 2.5 kilometres to the northeast of the site on a farm, which we have looked at very carefully. The calculation there is that we would be adding not more than one per cent to the fallout already dropping on the crops and on the fields in that area from sources as close at hand as Nanticoke and as far away as the Ohio valley. It is a one per cent addition to what is already happening.

Third is the dilution factor: Given those statistics of very small amounts going up the stack, the dilution factor between the top of the stack and that point of maximum impingement 2.5 kilometres away would be 27,000 times. The two to three per cent of what is permitted coming out of the stack would be diluted 27,000 times before it reached there and it would be diluted one million times before it reached the edge of the escarpment 10 or 12 miles away.

That sounds like a lot of gobbledygook and experts can be wrong and there was a nuclear accident in Russia. Supposing experts are wrong by 100 per cent, then we are talking of four to six per cent within regulations, the two per cent fallout equivalent to what already is falling out and a dilution factor of 14,000 times between the stack and the point of maximum impingement. I find those margins of error comforting. I am a nonspecialist myself, as you know.

Mr. Andrewes: Dr. Chant, the Niagara area within 10 kilometres of this site produces virtually every agricultural crop, with the exception of tobacco. I wonder if you might comment on what phytotoxicity studies you might have done on various agricultural commodities that are produced within that 10 kilometre radius.

Dr. Chant: We have done studies in the 4A process that led us to the preferred site and we are now doing further studies on the toxicity of possible contaminants in that small amount of residual material coming out of the stack and relating to that what is known about the impacts of such contaminants on a wide variety of agricultural crops: broad leaf, narrow leaf, root crops, annual crops, perennial crops and this kind of thing.

We also have the data from West Germany. The plant we are modelling ourselves on there is literally surrounded by agricultural crops. It does not even have a buffer zone. We will have a 400-metre buffer zone. In Germany, the fields

with crops go right up to the fence of the plant and those crops are monitored by both the plant and the state government, also the federal government and, as I understand, from time to time by a local university. Everything we can learn suggests that there will be no phytotoxicity, given these very low levels of residual contamination.

Mr. Chairman: Mr. Andrewes, this facility is in your riding and I do not not at all want to restrict your questioning, but some other members of the committee are getting anxious about getting on.

Mr. Andrewes: I yield the floor. I may come back to one or two points.

Mr. McGuigan: I do not want to begin by quarrelling with you, Dr. Chant, but I would point out that the process did not begin in 1982 as you mentioned. It really began in 1980, when Dr. Parrott chose my riding to be the honoured recipient of this proposed waste plant. I can sympathize with the member for Lincoln because I learned about the existence of the plan somewhat circuitously myself. I can sympathize with his statement.

Since you have gone through the process, and you expect to have it finished late this year, would you be so bold as to prophesy when we might have a plant in actual operation?

5 p.m.

Dr. Chant: I will try, bold or not. May I first comment on 1982? I know you are being a little tongue-in-cheek, Mr. McGuigan. We reckon the clock started running on our site selection when we turned down South Cayuga. We turned that down November 1981. In January, we said: "What are we going to do? We said we are going to find a site in all of Ontario." That is when we consider the clock started running.

I might add, parenthetically, it took us four years to get to west Lincoln and the detailed testing and our submission to the hearing panel. The record in most other jurisdictions for finding a site as controversial as this is 10 years. We have progressed quite rapidly in trying to accomplish this.

To answer the member's question specifically, we will be issuing a draft environmental assessment document for public review and agency review this fall. We hope to issue the formal submission to Mr. Bradley early in 1987. At that point we lose control of the process properly. I am not complaining about this, but the momentum moves to the Environmental Assessment Board which will be set up to conduct the hearings on our proposal. There is a long series of

rather formal steps that the Environmental Assessment Board follows prior to actually sitting down and convening the hearings. There has to be due public notice. Interveners have to register. There are interrogatories between the interested parties and answers to those flowing back and forth and further public review.

My guess is, and this is where I am being a little bit bold, if that complicated process runs its course with due dispatch, the hearings proper might start in October 1987, a year from this October. Nobody can say how long the hearings will take. That is not under our control at all, nor should it be. The lawyers speculate it could be as short as six months or as long as three years. There may be a great many challenges and requests for judicial review, perhaps even going to the Supreme Court of Canada, who knows. Nobody can control that process.

What we do know is if we get approval from cabinet, following a favourable recommendation from the Environmental Assessment Board, we can build a plant in about 18 months. We can begin to accept wastes if we build the testing lab and the tank farm, and we can begin to build an inventory of wastes in about the 10th month of construction.

Mr. McGuigan should take his own scenario as to how long the hearings will last. I have done my best to answer the parts of the timetable that we ourselves at OWMC have under our control. My guess is the earliest is 1989 to begin to accept waste.

Mr. McGuigan: I guess we are lucky in Ontario as compared to say New Jersey or Michigan, which have had long histories of chemical industries and whose states are highly contaminated with chemicals. With a plant such as this in place, I take it from your remarks that we would be the foremost in the world with this sort of thing. Would this not augur well for the industrial future of Ontario?

Dr. Chant: Yes. That is a terribly important point. I think there is an export potential here, both with respect to technology and with operating experience. The plants we look at and refer so frequently to, the two plants in West Germany, and in Denmark, Sweden and Finland, are making a pretty good business out of advising people and providing technological and operating expertise. There is no reason they should not, but for a time, yes, we will be the best in the world and we will have that opportunity.

I think it will be of benefit to Ontario industry in two ways. I think the consulting industry and the waste treatment industry will have an

opportunity they can exploit internationally. I think our industries that produce waste in this province will have an advantage over jurisdictions where they have not come to grips with the problem as effectively as we will collectively. I do not mean just OWMC; I mean most emphatically the ministry and the government together. I think we have a real opportunity here of doing something that will foster our industrial activities in a very positive way.

Mr. McGuigan: Would that not extend, as you have already mentioned, to the transportation industry? I am thinking of our neighbour in southwestern Ontario, the city of Sarnia, as a fairly major generator. Are there opportunities for doing some concentrating of the materials? I understand most wastes are about 95 per cent water—

Dr. Chant: Actually 70 per cent.

Mr. McGuigan: —and the other contaminants. Are there opportunities to reduce the water component within the generator area and save on not only those transportation costs but also the risks and all the other things that are involved? Could you say something about that?

Dr. Chant: I think there are. First, to set the record straight, Sarnia does not produce as much waste as people tend to think it does. It produces about eight to 10 per cent of the industrial waste produced in this province. Most people think Chemical Valley is bigger than that. It is not.

I think there are many opportunities to do the sorts of things that Mr. McGuigan refers to. I think a number of things will happen, given particular impetus by the kinds of programs the minister announced in the Legislature this week.

As regulations tighten, as they must and should, a whole bunch of decisions will be taking place in industry. Some industries will decide to do it themselves. They will invest the capital in their own waste treatment. Big industries, particularly, tend to do that. Other industries will put a great push on recycling, and so they should. Other industries will probably say, "We should put in dewatering facilities to reduce the volume of our waste and, therefore, the transportation costs, and send the dewatered sludges to the OWMC for proper treatment."

Nobody can say what the balance of those hundreds, if not thousands, of individual industry plant decisions will result in, in terms of quantities. We all know that this process is going on, and I think it will be a very good process. They will have the regulatory and enforcement encouragement from the ministry. They will have the opportunity to send to OWMC for the

world's best treatment whatever they must send. The system tends to fit and to run smoothly if we have those various components in place. I strongly encourage the kind of thing you are talking about. That would be first-rate.

Mrs. Grier: What role do you see for OWMC in the scenario you have just painted? Are you merely a passive recipient of what they do not want to do something else with, or are you a positive encourager of the reduction and recycling you are describing?

Dr. Chant: We think we have to be a positive encourager, and I can give you examples of several programs we have already embarked on along those lines. Three years ago, we undertook with the Ontario Research Foundation to cosponsor in Sheridan Park an Ontario waste exchange program, OWE, as part of the Canadian waste exchange program that ORF has run for a number of years. To oversimplify a little bit, that involves publishing at regular intervals lists of hundreds of wastes that are available to industries that can make some productive use of those wastes, either as a resource, a catalyst or whatever it might be. There have been several hundreds of thousands of tons of wastes exchanged in Ontario, and not going into sewers and garbage dumps, as a consequence of that program.

Also, we have a staff of two engineers in the waste recovery, recycling, reduction and abatement area. Those people are available to go into plants on a plant-by-plant basis to help the plant operators conduct what they call a waste audit, tracing the whole process from the raw resources going in, to the products and the wastes that come out the other end, and advising them from a technical expert point of view, "If you changed your production line this way, you can reduce the amount of industrial waste that you are producing, at no cost to anybody." I think that is an important consulting service, if you will, that we are providing to the waste generators in this province.

5:10 p.m.

I cannot speak for the ministry but the deputy and the minister have told me that the ministry too has very innovative, interesting and aggressive ideas to develop further its role—and I think its role is paramount in this—in fostering the four Rs, as we call them, in this province. I do not think we should sit huddled behind our fence in a totally passive way and just take what people choose to send us. We have to be more proactive in that.

Mr. McGuigan: I appreciate the member's question. I know this is taking a great leap ahead, but assuming the success of the OWMC—and I always assume that is going to come—can you see a future role for either OWMC or some other organization organized along the same line—I am thinking of something as fundamental as Ontario Hydro and the role Hydro has played in providing power at cost in Ontario—where we could have an organization that might be charged with the total business of looking after waste? You are only talking about industrial wastes. We have this huge problem of household and other wastes plaguing us. I wish we had that as well in hand as it appears we are going to have in OWMC.

When you mention the research and consulting aspect of it, one thing comes to mind with which my friend the member for Lincoln would sympathize, and that is the problem of getting rid of the containers in which we farmers purchase our pesticides. It must be eight or 10 years ago that the chemical companies used to put those pesticides out in water-soluble bags. That was a great service to the farmer because you just dumped the whole bag into the tank, the container dissolved and you did not have dust to breathe or to fly back at you.

There is an economic advantage in it. They are telling us now that when you empty a bag, you get out only about 97 per cent of the contents and three per cent adheres to the bag. With the very high cost of these chemicals, I am sure we could bear the extra costs if we factored in that we are getting three per cent of this material for free. I am thinking about having an overall authority or organization that could work towards some solution such as this.

Dr. Chant: Let me start with a specific on the pesticide containers. Mr. Andrewes, I want you here.

Mr. Andrewes: I am listening.

Dr. Chant: I spent two summers at the end of a spray gun in the orchards of the Okanagan Valley, and in Vineland too, when I was a university student, so I know something about it.

Mr. McGuigan: How did you hang on to the side of the hills?

Dr. Chant: Because of the kinds of developments that have taken place, the disposal of pesticide containers is an important issue in the agricultural community. I want Mr. Andrewes to hear that one of the benefits that we can bring to the west Lincoln community and to the agricultural community to try to offset some of these perceived impacts in the things they are con-

cerned about is free disposal of pesticide containers. I do not see any reason we would want to charge farmers for that. It is in everybody's interest to get them out of the local ravine or the back 40 or whatever it might be.

To go to your more general question, Mr. McGuigan, I think it is more properly addressed to Mr. Bradley and the government. They can establish any mandate for us that they want, but at that moment we are not responsible for garbage. That is a municipal responsibility. We are not responsible for nuclear waste, which is a federal responsibility. I can add, parenthetically, thank God, because that is a very difficult issue.

If one of the senses of your question was to ask whether OWMC should play a role as a regulator and an enforcer of regulations in this province, I would have to say very strongly no, I do not think it should. That properly rests with the minister, the deputy minister and the staff of the ministry. There would be a really serious conflict of roles if, as a waste treatment operator on the one hand, we also had some regulatory or police function on the other. I would very strongly discourage thinking along those lines, but that is my personal view.

Mr. McGuigan: Yes. I want to look at the intervenor question. As I mentioned before, the first site that was chosen was in Harwich township on existing landfill site which really deserved the name of garbage dump. That is really what it was. Because of the animosity of the local people towards the terrible way in which it had been operated in the past, the ministry's efforts failed.

In looking back on the process, one of the things that contributed to the failure was the determination of the people to fight. This really came down to a group of ladies, some of whom actually quit their jobs. One lady quit her job—she had a very good job—for two years and she worked on this. They held cookie sales, auction sales and had singsongs in church basements. I can hardly begin to tell you about all the events they held. They raised some \$25,000 back in 1981. In addition to raising that money, every person who attended one of those meetings and bought cookies or whatever, became part of their team. They just kept building and building that team so that it was overwhelming. The minister at the time had to withdraw.

I remember when I asked in the House one time for intervenor funding, the former minister said to me—probably the minister has heard me say this before—he was not going to create any boondoggles. I never really knew what a

boondoggle was, but if what happened was a boondoggle, it reversed itself and went back on the minister having to boondoggle rather than the intervener groups.

Out of that, my conviction is that the government would be better served to provide some money for the opposition in the same manner that we run the government. We have a government party and an opposition. I guess when you are in power you wish the opposition was not always attacking you. Nevertheless, we all agree in our sober moments that it is the best form of government that has yet been devised.

I encourage the minister and yourself to participate in intervener funding. Can you tell us a bit about the amounts and the criteria? I realize you cannot hand it out to just anyone who comes up and says, "I want a potful of dough." Can you tell us a bit about that process?

Dr. Chant: I would be glad to. I might say I share the member's views that providing funds to citizens to participate in issues such as the establishment of an OWMC waste treatment facility is a very high priority.

I believe Mr. McGuigan knows that when Mr. Davis asked me to take on this job around Christmas in 1980, one of the conditions of taking it on was that his government had to agree in principle to provide funds for interveners in this whole process and in the hearings. He readily agreed to that.

5:20 p.m.

We have three types of programs in mind with respect to providing funds to citizen groups and to others. I will start by making a distinction between various kinds of funding. Intervener funding has come to mean almost everything when in fact it should be restricted to providing funds to those who wish to participate in the formal hearing aspect of this process. I believe it serves us best if we restrict the use of intervener funding to that. That is the third program I will speak to.

We have put out more than 80 highly technical reports now ranging on everything from arrowheads to transportation to atmospherics to economics and municipal financing. There is nobody anywhere who could deal with that vast mass of technical information so, for the last two years, we have felt it is very important that we provide funds to the groups who are out there watching us, some of them opposing us but many of them simply watching us very carefully, so they could hire their own consultants and their own experts to be able to review this mass of technical data. That is our first funding program.

In the two-year period, we have allocated more than \$220,000 for that purpose of reviewing our technical reports to a number of groups, including the Niagara Federation of Agriculture and many other groups in West Lincoln and throughout the province. In that process, we felt we could not be seen to dole out the money ourselves and make all the allocation decisions because we would be accused, I think rightly, of funding our friends and not funding our enemies.

We had the Honourable Pauline McGibbon and Dr. Don Rickard, the chairman of the Donner Canadian Foundation, as a little search committee to find us a Solomon to make the decisions independently of the OWMC. They identified one Jack Beaver, who has a very interesting record. Mr. Beaver has been the person who has received the proposals from the citizens' groups and advised us as to who should receive how much, when and under what conditions.

The second program of public funding relates to the township of West Lincoln in particular, but also to the regional municipality of Niagara. The township of West Lincoln has very little staff and very few technical or professional resources of its own. The township, as most of you know, I am sure—Mr. Andrewes certainly knows—is the largest township in the region with the smallest population of about 9,800 people and a tax base of about \$1 million. They simply do not have engineers, planners and such people.

In discussion with the mayor of West Lincoln, Allard Colyn, and some of his councillors, and also through discussions with the deputy minister, I have agreed to provide the funds for them to hire a project manager, an engineer, a professional person, who will lead their program in trying to deal with us. That does not necessarily mean fighting with us or confronting us, although it may lead to that; it means a professional person who can work with all our professional people at the same level of competence and experience. We are in the process now of working that out. It serves everybody's interests for the township to have the resources to be able to deal reasonably well with OWMC.

Parenthetically, I might add that the township has other issues that it has to deal with that Mr. Bradley is very familiar with, such as the PCB storage issue in Smithville and the possibility of PCB incineration in Smithville. They are also heavily involved in a regional search for a new garbage dump, and ultimately there will be hearings on that as well. They feel inundated by

these outside pressures, and it is incumbent on us to help them.

I am also engaged in discussions with Chairman Dick, who is the chairman of the Niagara regional council, on what, if anything, OWMC should be doing to support the region which, when all is said and done, has more resources at its disposal.

The third program involves the need for funding in the true narrower sense of intervenor funding for the many parties that want to participate in what will be extremely technical hearings. Our staff have been engaged in discussions with ministry staff—as recently as yesterday afternoon, Michael Scott was at that meeting—on the most appropriate mechanism for getting funds to intervenors in the hearing process. I do not want to get ahead of the discussions, but our inclination is that the Environmental Assessment Board should play a leading role in allocating funds to those who want to and should participate in the hearings.

I do not think the OWMC should take the leadership in that for the same reason I mentioned earlier. We have a conflict and might be seen to be not being fair, whereas the Environmental Assessment Board or its agents are supposed to be quasi-judicial. It seems to me at this time, and pending further discussions with the ministry, that is the direction we should be looking at.

Mr. McGuigan, you asked about the criteria. We have a set of criteria we think are appropriate for this kind of funding. With your indulgence, Mr. Chairman, I will ask Michael Scott to describe very briefly the criteria we think are appropriate in trying to make these difficult judgements on who should receive what and how much.

Mr. Chairman: Mr. McGuigan, Mr. Andrewes has a supplementary. If it is okay with you, we will move on to the other members who may have some other questions.

Mr. McGuigan: That is only fair, Mr. Chairman.

Mr. Scott: Very briefly, Mr. McGuigan, the criteria that we established and that Mr. Beaver has played a role in establishing, first of all, required applicants to demonstrate that they had an interest and an involvement in the issue and showed some ability to create a committee and organize themselves to become involved in that issue.

Mr. McGuigan: In that connection, if I can interrupt you, do you require any funding at all from the group? When I called for intervenors, I

always stipulated that they had to demonstrate their willingness to provide some dollars.

Mr. Scott: Yes, the application form does require them to demonstrate what effort they have made, and with what success, to obtain their own funding.

Other criteria involve such things as not applying to do duplicate or parallel work. The purpose of the funding was to review and analyse critically the work we have done, and also to show an attempt to co-ordinate their request with other groups so we do not have a number of groups asking for money for the same purpose. That gives you a sense of the kind of criteria that have been used.

Mr. McGuigan: Thank you very much, Mr. Scott.

Mr. Andrewes: Dr. Chant, you responded to my letter on February 21 regarding intervenor funding. At the outset, you indicated that I wrote to you on February 10 and you responded on February 21. That is a pretty quick turnaround that we get from the Ministry of the Environment.

Hon. Mr. Bradley: I do not get as many letters.

Mr. Andrewes: I see. I am paraphrasing to some degree, but you said, "We have taken the position for some time that the OWMC supports the need for funding once the formal hearings begin." You go on to say at the end of that paragraph that independent parties should make the assessment and you add, "I share your concern that all these issues be resolved well in advance of the commencement of our hearings." These two statements seem to contradict one another.

I know this was gone into at some length here in previous sessions of the estimates on the whole question of intervenor funding. My concern is that there are a number of groups who are waiting and who have made submissions in some cases. Others are waiting for the criteria and for some sense of whether they might qualify. They know the hearing process is probably going to be upon them in 1987 and they need some indication of whether they will have funds advanced so they can prepare a defence before that hearing panel and deal with the rather technical information you have indicated is available.

Dr. Chant: That is a legitimate concern, Mr. Andrewes. I hope there is nothing inconsistent in that paragraph you cite. If the provision of funds to intervenors, in the limited sense of those who participate in the formal hearings, if those funds

are to be allocated through a mechanism other than OWMC, as I personally think they should be—the Environmental Assessment Board, or a Solomon the EAB might appoint for its own purposes, or whoever it might be—I do not think we can properly dictate what the criteria are, who is qualified, who can apply and who can receive money.

5:30 p.m.

We have let our views be known. I sent you a copy of the criteria we have proposed to the general public, but I do not think we can be in a position of even appearing to lay down guidelines or rules that somebody else should follow in making allocations and deciding who is eligible. We have let our views be known. I do not know what the views of the Environmental Assessment Board are, but we have to stay out of that process or our very presence in it will cloud it because we will be seen as being self-interested.

Mr. Andrewes: Who should, Dr. Chant?

Dr. Chant: The public should make its views known more effectively and not simply on the question of, “We want money and how do we get it?” The public should be expressing some thoughts about what they think are the more appropriate mechanisms. They should express themselves on who they would trust most to make these allocation decisions.

The Canadian Environmental Law Association has done some thinking along those lines, and quite productive thinking over the years, not with a focus on OWMC but in the abstract as it would apply to funding interveners at any environmental assessment hearing. Other interested parties should be coming forward with positive suggestions as to how this process should work.

I do not want to put words in Mr. Bradley’s mouth—far from it—but I sense that the government is very sympathetic to this in principle and is looking for appropriate mechanisms to handle this issue and make proper allocations. I encourage the government in that and I offer my services, as I have many times, to help resolve this. There is a lot of positive work being done, but public input, over and above just saying, “We want money and how do we get it?” would assist in this process. I do not want to put words in the mouths of the minister or deputy minister.

Mr. Andrewes: When Mr. Schrybman of the Canadian Environmental Law Association appeared before a select committee of the Legislature some time ago, he gave us a list of criteria that were used by the joint board on the

southwestern Ontario transmission system expansion program and highly recommended that set of criteria. I would like the minister to comment on who should be setting out these criteria and how soon?

Mr. Chairman: That is a legitimate supplementary.

Hon. Mr. Bradley: Our ministry has been in communication with Dr. Chant in the form of letters when requests have come in. Ultimately, I suppose, regular members of the committee may or may not be aware of the remarks I made initially, saying that the present government is attempting to break some new ground by establishing a government-wide funding policy for interveners. In the absence of a conclusive government policy on that which any and all ministries of the government would deem appropriate, the Ministry of the Environment has allocated funds in certain instances where there have been environmental hearings.

Suffice to say we have this under consideration at this time. When I, as minister, have received applications for funding, I have referred them to OWMC. I gather from the remarks in this committee today that ultimately OWMC would like to be out of the business of the allocation of any funding, even at arm’s length apparently and, ultimately, the government will have to determine what policy will be used.

I will discussing this with the Attorney General (Mr. Scott), who has the lead in terms of government-wide intervener funding, to determine what specific criteria might apply. We, as a ministry, tabled with the members of the committee the criteria we have used so far. That might well be useful but I think Mr. Andrewes has indicated this is what some might call a special circumstance.

Even though we have the criteria established, we have looked at each case independently to determine what circumstances face them. It appears it is coming back to the government to establish the final criteria. I would be interested to hear from members of the committee what they believe would be useful. As the member for Lincoln, Mr. Andrewes, you are very close to it. As you have gone through it both as a member of the cabinet when it was in the initial stages and now as the member for Lincoln since a decision has been made, you would be helpful in making recommendations to the Minister of the Environment and through me to the government. I would be happy to hear what recommendations members of the committee might have in this regard.

There are models that have been mentioned. The member mentioned one model. I think it was transmission lines Mr. Schrybman had suggested.

Mrs. Grier: There is the Mackenzie Valley pipeline.

Hon. Mr. Bradley: To the member for Lincoln, the question is whether this would be costs awarded after or previously. This might well be costs awarded after.

Mr. Andrewes: Mr. Schrybman was recommending them as criteria for funding because he was making his whole pitch about funding.

Mr. Chairman: Can we get on and we will get back to you?

Mrs. Grier: May I have a supplementary, just on the intervener funding question, let me say that I have no difficulty with the criteria the ministry has used in both the Tricil and liquefied natural gas awards of intervener funding but I was a little concerned, Dr. Chant, in your description of criteria or Mr. Scott's, about the comment that you would not fund parallel research but merely comment on studies already done.

Would that not be somewhat restrictive to a group that might disagree and might want to do some research into an area you had not felt it was not necessary to research or that might want to have an entirely different expert do a different study of a similar topic? Is it your intent to be as restrictive as your comments could be interpreted as being?

Dr. Chant: There is a fine point here. Whether we like it or not, we are the proponent before the environmental assessment hearings to be conducted by the board. There is no other proponent there.

The act properly requires us to demonstrate the need for these facilities and to demonstrate that we have thoroughly explored every reasonable alternative. Since we are required to do that—and I emphasize, properly required to do that—I cannot see why we would provide funding for totally separate, parallel studies of the things we are required to do and then to stand and withstand cross-examination by expert witnesses hired by our opponents through the kinds of funding mechanisms for intervener funding that the minister has mentioned.

It is not as though the hearing panel was being asked to make a judgement on industrial waste treatment in general and in the abstract in this province. The hearing panel's job is to respond to and make a judgement on what we propose,

including a full consideration of all the alternative technologies and alternative methods of achieving a solution to this problem. Rightly or wrongly—I think rightly—we are the only focus at the hearings.

Mrs. Grier: You do not contemplate that there might be an alternative you have not explored?

Dr. Chant: If there is an alternative that we have not explored, the hearing panel will probably require us to explore it. That is one of the outcomes of the hearing process and the challenge we have to meet.

Mrs. Grier: But how would that alternative be identified if the intervener groups were prevented from doing any exploration of the merits of that alternative on their own in advance of the hearing?

Dr. Chant: There is a difference between the intervener being funded to explore the merits of an alternative technology and the intervener simply coming up with an alternative possibility.

We have done a number of studies on the technologies for industrial waste treatment around the world over the last four years. We have identified more than 100. The public in the Niagara Peninsula and around the province in general is very sophisticated about what other alternatives we might have overlooked. Hence the intense debate about the plasma arc, for example, and there are other possibilities, such as the warehousing example Mr. Andrewes raised. The network works well.

5:40 p.m.

Once they have identified a possibility, they do not really have to do their own work on it. The hearing panel will say: "OWMC, did you consider technology X? It is not on your list." We would have to say, "We are sorry but we did not." The hearing panel has full authority to say, "Go away, consider it and come back with your judgement on the relative merits of that technology." I think the system will work without a great deal of duplicate and parallel activity.

Mr. Haggerty: I have a report from the Welland-Port Colborne Tribune, Wednesday, June 18, 1986. I would like to quote a couple of paragraphs. I presume the questions have been addressed to Dr. Chant.

"At the moment, we have no commercial facility for the inorganic waste in Ontario. With the organics there is one incinerator in Sarnia, but it can't deal with the dangerous and difficult ones." That puzzled me. "Chant says the Sarnia incinerator can only destroy the waste with 20 per

cent or lower chlorine content—ones with a higher chlorine count need the higher temperature offered by the proposed facility.

“One of the nicest things I’ve learned in this job is that there is a proven technology for treating all the wastes we produce in Ontario—a plant that can handle everything that needs to be treated.”

You have commented about the technology developed in West Germany and about the plant there. Is it totally risk free so that no contamination might be generated or emitted from the smokestack? You are saying that there is no risk involved and that everything is contained right there.

Dr. Chant: No, I am not saying that.

Let me comment on the quote and then I will come back to your basic point. I was misquoted in that article. It is two per cent chlorine, not 20 per cent chlorine. As I understand it, Tricil’s fixed liquid-injection kiln, which is not a rotary kiln, is limited by its permits from the ministry and cannot burn waste that has a higher than two per cent chlorine content. Chlorine content with organic waste is one of the indexes of the hazardousness of those wastes. The higher the chlorine, the more hazardous they are.

I am not claiming anything is risk free. I am often asked whether I will give an absolute guarantee that no harm can come from the plant. I cannot do that. I cannot give an absolute guarantee of anything. I cannot guarantee that your car will start tonight when you want to go home. I cannot guarantee there will not be an accident or some kind of upset. What I can undertake to do is to try to explain the analyses that have been made by our experts on risk analysis as to the kinds of risks at this plant and as to whether they are acceptable risks using common worldwide standards of judging risk probabilities.

I can say with confidence that the outcome is that using those international standards, whatever risks we will create are acceptable risks. I cannot claim that there will be no risks. I make no pretence to do that.

Mr. Haggerty: Are there any environmental difficulties in the present operation of these facilities in West Germany? Are there any serious problems with them? Is there any serious emitting of certain chemicals that might be more dangerous than others? They must have some difficulties with the process.

Dr. Chant: Operating these plants requires a great deal of skill and experience. One of the things we will be doing when we recruit staff for

this plant is that we will be sending some of the key operational staff to these plants in West Germany for two or three months to get true hands-on experience on how to operate these things safely.

We have had our risk analysts look at these designs and estimate for us the worst thing that could happen in running this facility, say the rotary kiln since so many people are concerned about explosions and emissions, the worst thing that could happen using the very worst speculation; that is, a drunken worker who had a fight with his wife and his dog died yesterday.

Mr. Haggerty: He has problems.

Dr. Chant: He has problems. I really mean the worst case scenario that will get you into that kind of thing. The worst thing that can happen at the plant is a tank farm fire. We had them calculate what would happen if the tank that caught fire had the worst waste in it and nothing but the worst waste; again, a very unlikely scenario.

You come out with a certain risk calculation—I will not bore you with all the technical details—that is well within the accepted international standards of what is an acceptable risk using these horrible scenarios. I might add that one also involves a worst case where the person impacted on by the event lived in that place for 30 years, was subject to that kind of pressure for the whole period of 30 years, never went to a shopping centre, never went to a movie, never left that property for 30 years, and moreover, ate nothing that was not grown on that property—milk, beef, poultry or vegetables.

That is a ridiculous scenario but that is what you do. You take the absolute worst thing imagination can conceive of and then you work back as to what would be the risk under those ridiculous circumstances. It is still well within the international standards of acceptable risk. I would not call it a guarantee, but it is the kind of assurance that our technical people, who are among the best in the world, can give to people. We cannot say that there is absolutely no risk and we cannot guarantee that nothing will ever go wrong. People have to accept that.

Mr. Haggerty: Are there any difficulties under present circumstances with this plant in West Germany? I understand it is not as good as was indicated at the original startup of the plant and that now it has been in operation for 10 or 15 years there are environmental problems they were not aware of before.

Dr. Chant: There are two plants in West Germany, one of which is about 15 years old.

That was the one Dr. Parrott and I and a delegation from the Legislature visited; I think it was in January 1981. The plant we are modelling ourselves on is a much newer plant outside Frankfurt; it has been in operation for four or five years. The first one is outside Munich.

The plant north of Munich, the older one, has had a few local problems within what we would have as a buffer zone. They have no buffer zone. There is the plant, a fence and a building, just side by side like that. To my knowledge, they have not had any problems beyond the 400-metre buffer zone distance that we would have. The more modern plant that we have modelled ourselves on is not as good as the plant we will have because we will benefit from the technical advances that have been made with respect to rotary kilns since that plant was built and to some extent using the experience of that plant.

For example, there are three scrubbing devices that are now technically possible for emissions from a rotary kiln before they go up the stack. There are wet and dry scrubbers and electrostatic precipitators. The plant we model ourselves on outside Frankfurt did not have an electrostatic precipitator built during its construction four or five years ago. This summer they are adding it to give them an increased measure of confidence in the emissions actually coming out of that rotary kiln.

We will have the advantage of building that into our design from the beginning. They have had a little concern about some of the concentrations of emissions, using only the two devices. They are very confident that with the third one everything will be all right. They have never created a devastated crop or a dying animal or any human harm whatsoever. They are just trying to keep in the forefront of technology. We will have the advantage of building that in from the very beginning.

There are allegations of disasters associated with these plants in western Europe, particularly with the one we are modelling ourselves after. We tracked them down—those people are under contract to us, incidentally, for technical advice and for help with design—and found that all of them were attributable to a pesticide-manufacturing chemical plant that is about a mile away. They have had fires such as the Chipman fire and Stoney Creek, which we are all aware of, and they have had problems with their own leaky landfill that is not properly engineered and puts raw wastes in a hole in the ground. All the allegations that have come to our attention can be attributed to private industry and not at all to the

government-owned plant we are modelling ourselves on.

Mr. Haggerty: Are you aware of a plant and facilities of similar design located in Buffalo, New York? For the Love Canal, for example, they are talking about using a high temperature destruction system, the new plasma arc design. They feel this might resolve some of the problems. Then there is the Occidental waste-to-energy plant that "was emitting low levels of dioxin from its stacks" in that area. I am quoting from the Buffalo News. "But its liquid toxics incinerator on Buffalo Avenue appears to operate efficiently and within state standards." They must have an operation similar to what you are proposing to build or construct in Ontario. I wonder whether you are kept abreast of the situation on the American side.

5:50 p.m.

Dr. Chant: We are. There are a number of rotary kilns for hazardous wastes operating in the United States. The best is in Texas and we are aware of that.

Mr. Haggerty: There is one in Chicago, too.

Dr. Chant: That is right. One has to make at least two points about that. One is that these rotary kilns are not energy-from-waste kilns. They use much higher temperatures and are much more sophisticated than energy from waste, burning garbage or whatever it might be. The problem with garbage, and I do not think I need to expand on this, is that if you take normal refuse with its high plastic content and burn it at quite low temperatures, say 600 or 700 degrees centigrade, you are going to have problems with dioxin and a number of other things. We are talking about burning at around 1,200 degrees centigrade.

Mr. Haggerty: What is your energy source? What are you looking at? Are you going to burn oil?

Dr. Chant: Natural gas would be the virgin fuel source. You try to mix wastes in these operations to take advantage of their energy content, their BTU content, so you always want some solvents, some contaminated oil to balance off against watery organic waste so that you minimize the requirement and therefore the cost for virgin fuel. Sometimes, especially for start-up, you have to use these energy sources. Ours would be natural gas.

Mr. Chairman: I wonder whether you can wrap up your questioning because there are other members who still have not had a chance. You look like you are prepared to object.

Mr. Haggerty: No, I was just about ready to wrap up. I was coming down to the energy source being used. Do you think that is sufficient heat? You said 1,200 degrees.

Dr. Chant: Yes.

Mr. Haggerty: Will that handle all the dangerous toxic chemicals?

Dr. Chant: If the content of the organic waste being burned was particularly high in polychlorinated biphenyls on a given day, I understand the temperature will be pumped up to about 1,400 degrees centigrade. That is about 2,900 degrees Fahrenheit for comparative purposes. That is what they do in western Europe. They burn PCBs on a regular basis at these kilns that we have modelled ourselves on. You can adjust your temperature depending on your waste stream. I emphasize again that the feed-in of waste and the proper mix of waste is crucial to operating these kilns in a safe and effective way. That is part of the art of running them.

Mr. Haggerty: I was going to get into transportation, but I will not.

Mrs. Grier: Dr. Chant, I am a little handicapped because the only detail I have of your overall expenditures is the \$13.1 million that appears in our briefing book. Can you give me a general breakdown, and in particular, some details of the expenditures you contemplate on the whole issue of recycling and reduction and how much emphasis you are putting on that?

Dr. Chant: These are rounded figures. They will not come exactly to the \$13.1 million. The detailed site testing leading up to our environmental assessment proposal, the testing that is going on now, will be about \$3 million. The design of the facilities, the work the engineers are doing to complete the very complex design of the physical chemical plant, the incinerator, the landfill and so on will be about the same, a little less than \$3 million.

The next largest item is the preparation of the hearing submission itself, a very complex document demanding a great deal of attention; \$1.7 million. The waste reduction, recycling and associated activities, including the laboratory work that we have jointly undertaken with a private laboratory, Zenon in Mississauga, together would total about \$700,000, but some of that is laboratory cost and is not directly, although it is indirectly, oriented to the development of the four Rs.

As to the other amounts in the budget—I can go on if you wish—operations planning, for example, is \$400,000. Those would be the major

noncorporate and nonadministrative costs that would be included in the \$13.1 million.

Mrs. Grier: I want to explore the whole element of the four Rs a little. Given the lead time we are looking at and how long it will be before your plant comes on stream, I am concerned by the sense I get from you that the plant has to be in place before there can be any meaningful effect on recycling and reduction.

Dr. Chant: Not with reduction, but with recycling. Abatement and reduction can go on, partly at least, independently of the creation of these facilities. That is if we mean true abatement, changing a process line to eliminate a certain waste from a stream. It is gone and is not produced any more.

For the other aspects of the four Rs, particularly recycling but also reuse, the industry tells me that the facility is an essential component before it can expand much beyond what it is doing now. About 10 per cent of the waste produced in Ontario is recycled now. Everybody knows the potential is higher than that, but the recycling industry people I have talked to say they cannot do much more than that without having our plant to get rid of the nasty residuals from the recycling process, steel bottoms and things such as that.

There is a finite limit to the amount of the resources we can put into the four Rs. We are meeting the need reasonably well for this kind of technical consultation, the technical advice and information we can give to actual plant operators. I do not think the Ontario waste exchange requires any more money over and above what it has. It seems to be running reasonably well. There is a finite potential to the voluntary exchange of waste between producers and those who can use it effectively before one reaches the boundaries of it.

I know we are criticized, Mrs. Grier, by people who take that arithmetic and say that we are only spending two per cent or five per cent of whatever it is of our budget. They overlook the fact that naturally the work we are putting into site selection and design of this major component of the system dominates the budget during this period of the life of the corporation. It is an expensive operation and one would expect that it would be by far the largest component of our budget, and lo and behold, it is the largest component of our budget. That is to be expected.

Mrs. Grier: Is there any confusion of jurisdiction between your role in this whole aspect of your mandate and that of the ministry, or is it quite clear whose responsibility it is to do what and where the jurisdiction lies?

Dr. Chant: I can answer from my perspective. I do not think I can answer on behalf of the minister and the deputy minister. There can be clearly defined roles. The ministry is often perceived by industry as the regulator and the policeman. That truly is one of the ministry's functions and it is not surprising industry often feels that way.

I have the impression that our staff is greeted a little more warmly in the plants we visit because they know we are not policemen. I am not making a value judgement or anything. The mandate of the regulator, the policymaker, the legislator, the creator and the policeman, which properly rests with the ministry, is very different from ours as a fellow waste treater, if you want to see it that way; I am oversimplifying. It points us in different directions as to different roles we can have with respect to the four Rs. We can be entirely comfortable and good companions, one to another, as we move on to more initiatives along these lines.

The Acting Chairman (Mr. Haggerty): Are there any further questions?

Mrs. Grier: Yes, there are a number of further questions. I do not know whether this is a fair one, but if it is not, you will tell me. Do you see the regulatory framework within which you can take this proactive stance as being effective enough or as being effective enough by the time you get to being able to encourage recycling?

6 p.m.

Dr. Chant: The framework in which we are developing these programs is adequate for our purposes. I cannot comment on whether it is adequate for the ministry's purposes. Everything we do is offered on a voluntary basis. If a plant manager does not want to talk to us to try to find an opportunity for waste abatement or recycling, he does not have to. However, there is a lot of interest out there. Perhaps I can give one example. As you know, Mrs. Grier—we sent you a full packet on it—we have completed another round of provincial meetings. I had a fascinating experience in February, when we held our meetings in Sudbury. There is a company there called Sudbury Steam Laundry and Dry Cleaners, one of six dry cleaners in Sudbury. A very intelligent man is running that company; his grandfather started it in 1901.

To make a long story short, he asked himself about four years ago, "What is happening to all my dry-cleaning solvent?" It is perchlorethylene, and perchlorethylene was the blob in Sarnia. This was long before the blob. He said to himself: "There is a problem here for two reasons. One is,

I know I am putting the spent solvents into the sewer, and I must be creating some environmental problem somewhere, because this is nasty stuff. Second, I am paying Dow Chemical in Sarnia a hell of a lot of money for all this perchlorethylene that I buy, use for a few days and throw away."

He looked around the world, entirely on his own initiative, and found an Italian piece of equipment that recycles dry-cleaning solvent. Without anybody's help whatsoever—just on his own initiative—he installed it in his plant at a cost of \$100,000. He reduced his requirement for perchlorethylene by 90 per cent, thereby saving himself enough money to pay for that equipment in the first two years of operation. He has it all over his competitors in seeking institutional contracts with hospitals, Inco, Falconbridge and others in that area.

I think that is a terrific success story, done without stimulus from anybody except the man's conscience and his awareness of the bottom line in running a business. Everybody benefits from that.

That is an extreme case, but we find that kind of concern and willingness all over industry but particularly in the small and medium-sized industries. They do not have large staffs of chemical engineers the way Stelco, Dow or Polysar do. They do not have anything except their own ingenuity and intelligence. Many of them are ready, willing and able to get a bit of help from a technical source and do something that benefits the people and the environment of this province very substantially. I think more can be done along those lines. That is where I see our role as a fellow quasi-industry at any rate and as a fellow treater of industrial waste.

Mrs. Grier: Had the individual in the example you cite wanted some help, assistance or advice, where would he have turned for it and what would he have found?

Dr. Chant: At that time, going back four years, he probably would not have found any. I suppose he could have hired a consulting firm to come in and advise him about the problem, paid a lot of money for it and paid a consultant to look around the world to find somebody who might have found a solution to this problem. Instead, he did it himself. He actually went to a dry-cleaners' convention. I did not know there were such things. This one happened to be in New Orleans. He went there and found this piece of equipment.

I do not think four years ago he would have been able to find a ready source of assistance to help him meet the problem that through his own

wit and intelligence he had identified for himself.

Hon. Mr. Bradley: In addition to that, at that time, at least some advice could have been provided.

Mr. McLeod: I take perhaps some issue with Dr. Chant's answer to the question if it was intended to convey the impression that at least I got from it.

The staff of the Ministry of the Environment, spread over 23 district offices and six regional offices throughout the whole province, surely is a first line of approach for any business in any community in Ontario to seek and obtain the kind of technical advice that I think is referred to in Dr. Chant's example. Whether in a precise fact situation we would have the expertise is a matter that would depend on the particular situation.

Like the OWMC staff, and working jointly with them—there certainly has been a lot of joint work in that area of late—the ministry staff is available to provide that kind of assistance.

Mrs. Grier: When I asked my question, I was thinking more of a program under which some financial assistance, incentive or encouragement could have been given to the individual to get into that kind of changeover in his process. I gather there is no such program.

Mr. McLeod: I am advised by staff that type of assistance has been provided by the ministry in the past, and the minister has instructed us to proceed during recent months in expanding and improving the ministry's programs in the whole area of industrial waste and more particularly with respect to the four Rs. We have been working closely with Dr. Chant and his staff in trying to ensure there is a rationalization of the efforts of the corporation and of the ministry in that regard.

The Acting Chairman: May I take a few moments here? I have been advised by the chairman that we have until 6:25. There are three other speakers, Mr. Knight, Mr. Andrewes and Mr. Stevenson, who would like to get into the debate, and I understand we will have five minutes for a wrapup by the minister.

Mrs. Grier: Are you saying I cannot ask any more questions?

The Acting Chairman: No. I am just advising you of the time remaining.

Mrs. Grier: I have been acutely conscious of my responsibilities. If the answers are succinct, the questions will be succinct.

Hon. Mr. Bradley: We can have Dr. Chant back next Wednesday if you like.

Mrs. Grier: No. I am hoping for succinct answers from you next Wednesday.

Dr. Chant: I wonder whether you can comment on your statements in earlier documents that the facility is eventually going to break even or even turn a profit and the consequences of that on the incentive to bring the waste to you if distances are extreme. Can you comment generally on that whole issue?

Dr. Chant: Yes, it is our avowed intention to break even, but certainly not on the day we open the plant or in the first few years of operation as we are building the plant up to its ultimate capacity. At a capacity of 150,000 tonnes, which is the initial capacity at three shifts a day, the operating costs would be in the neighbourhood of \$28 million. If we translate that into the tonnage charge that would be levied on the waste generators who are using our services, my arithmetic is not that quick, but it is something like \$250 per tonne for treatment on average; the difficult stuff would be much higher, and the easy stuff would be much lower. That compares very favourably with the pricing structure in western Europe, as we understand it and translating it in their terms, and it compares favourably with other waste treaters in Canada and in North America generally.

If those statistics are correct, when we come into operation and test the real-market situation rather than our estimates of what it might be, I see no reason why ultimately we cannot break even. That is a reasonable charge to the generators; it is not outrageous or anything like that, and it would appear at this early stage to provide us with the revenue to be able to run a break-even operation.

That is our position in 1986, recognizing we are not in business yet and we have to test the real world when we get out there.

Mrs. Grier: Do you see any conflict between your need to generate some revenue to achieve that objective and your mandate to encourage industry to recycle, reuse and reduce?

Dr. Chant: Frankly, I do not, although I can understand the concern that prompts your question; I think it is a legitimate concern. I think the issue is in which year would we expect to break even. If somebody said, "You must break even in your second year," we would have terrible difficulty in doing that, because by the second year we might be at a capacity of 40,000 tonnes, in which case we would have to charge \$1,000 a tonne, or whatever the arithmetic is, and that would be totally out of the question. But over any reasonable period of growth—we plan to hit the 150,000-tonne capacity in something like year

six or year seven; I forget exactly—that could be managed.

Moreover—I expect you as politicians can comment on this better than I can—I think the public of this province has a mood whereby it feels industry should pay for the proper treatment of its waste. That the polluter must pay is a bit simplistic, but nevertheless it is a strong theme in the conversations I have with the public—not in a punitive sense, but just a feeling that there is a responsibility there that industry should be shouldering. I do not have any problem with that.

If we did it for free—I know you are not suggesting that, but to take an extreme—it would be an unwarranted burden on the provincial Treasury to provide that kind of free service. If we were required to turn a profit of \$50 million a year, that would be an unwarranted burden on the industry of this province. What we are trying to find is a happy medium, and I think we can find it, given the kinds of calculations I have outlined.

Mrs. Grier: I yield, reluctantly.

6:10 p.m.

Mr. Knight: Dr. Chant, this is a little bit like old times, although I think I can enter these discussions with a slightly more positive attitude than I may have in the past.

As you are aware, during three of the five years I spent as a member of the town council in Milton we had many discussions on the OWMC site selection process and the different technologies of hazardous waste treatment. I do not wish to minimize those very important aspects of any discussion we are in today, but I am not going to ask questions on them. As you are well aware, I have had ample opportunity on many occasions to hear Bill Johnson apprise us of the merits of the plasma arc, and you were privileged to hear from him occasionally in that respect.

I want to ask you some questions on the financial implications of the Ontario Waste Management Corp. itself and the dialogue you will have within the community of West Lincoln on the future of OWMC and the site itself. You have mentioned you would like to strike a happy medium in terms of the cost of the treatment of liquid waste. Do you see a time period when that would come about? Would that be instantaneous? In other words, if in an optimistic vein we indicated late 1987 or early 1988 as a startup time, do you see that there would be no net cost to the province from the beginning?

Dr. Chant: No, I do not. In answer to Mrs. Grier, I indicated it would take us some years to reach capacity and therefore to achieve the ability

to run a break-even operation during those years of building up to our capacity and full utilization.

Mr. Knight: Do you have any feel as to how many years that would be?

Dr. Chant: If you take year one as the year we have the ribbon-cutting ceremony and go into business, the current estimate is that we should be at the first initial step of full capacity by year six or seven. Obviously I cannot make a commitment or a promise, but I would hope at that time we would be getting close to the break-even aspect of the operation. If the arithmetic I cited to Mrs. Grier is anything near accurate—and I emphasize we cannot test the market in real-world terms until we have a plan in operation—I do not see why that could not happen.

Mr. Knight: What do you see as the magnitude of the operation at that time? For example, what sort of payroll would there be?

Dr. Chant: In the more than \$28 million I cited as the operating cost?

Mr. Knight: Yes.

Dr. Chant: About 150 staff would be associated with the facility in West Lincoln or wherever it is. That would be a major component of the cost, but not the only cost, naturally. With 150 staff at an average of \$20,000, there would be a \$3-million payroll in that \$28-million operating cost.

Mr. Knight: What is projected as the capital cost of the facilities, presuming you are using the Monenco design, which I believe is the one that was indicated in April 1985?

Dr. Chant: If the facility is approved in West Lincoln and includes the four technical components I indicated—the rotary kiln, which is about a \$35-million piece of equipment, the physical/chemical plant, the tank farm, the solidification plant—as well as the engineered landfill and so on, we are looking at an initial capital investment of about \$140 million in 1985 dollars for that plant, with a capacity of 150,000 tonnes on a three-shift basis.

Mr. Knight: Presuming that, as a crown corporation, you would participate in payment in lieu of taxes, have you made a projection as to what that would mean to a municipality?

Dr. Chant: Yes, we have. If we made a grant in lieu of taxes, using the kind of formula that Ontario Hydro uses, which seems to be a fairly standard one for crown corporations, the payment of grants in lieu of taxes would be the equivalent of more than one third of the existing

tax base of the township—in other words, it would be in excess of \$350,000—and it would increase their assessment from \$1 million to \$1.35 million. It would have a substantial beneficial financial impact, if I can put it that way, on the township of West Lincoln, simply because of the very limited tax base at the present moment.

Mr. Knight: You indicate in your 4A report that you would be dialoguing with the community to ensure there would not be any cost to the municipality, whichever one you locate in, as far as having you locate is concerned. Have you engaged in that dialogue at this time, and what kind of transfer payments have you looked at?

Dr. Chant: Over and above the grants in lieu of taxes I have just spoken about, we have had a number of discussions with the mayor, councillors, the planner and the clerk of the township and especially with what they call a liaison committee, which the West Lincoln council established to work with us; I think it is composed of four council members and five citizens drawn from the community.

At the moment, we have not gone very far in proposing or even negotiating benefits to the community in the terms you are speaking of. We are still developing our policies. We think we will get into a process of negotiation, perhaps even mediation, prior to the hearings. Environmental mediation is a lively issue in this province; we may get involved in some of that.

Our basic line from the very beginning has been that we feel very strongly we should pay our own way. The community sees itself as seriously impacted and disadvantaged by the threat they perceive we will create for the community. To add a cost to the community in addition to all these perceived threats and dangers is going absolutely too far. We cannot do anything about the perceived threats and fears those people have except to try to talk to them. But to make them pay something from their limited tax base to accommodate us, I think personally would be outrageous.

We have to be prepared to pay our own way. What we mean by that still has to be worked out. I will give you one example. West Lincoln has a very limited firefighting force. It has a fire chief, who is permanent staff; the rest of the force is entirely volunteers. They are fearful that their firefighting equipment, which is essentially designed for barn and house fires and these kinds of things, would not be able to deal with any emergency we might create. I think there is an opportunity to sit down with them and discuss what they think they would need to be able to

have the confidence that they could deal with emergency situations we might create. That is one example of the many things we are trying to think about. The only thing we have guaranteed at this stage is that we will undertake to train their volunteer fire force and the fire chief to be able to deal with industrial chemicals if there is a spill or some kind of accident.

Over and above that, it is still on the boards to be discussed and probably to be negotiated ultimately.

Mr. Knight: You have mentioned in your 4A report that there is a possibility of the facilities being used by the community. I was interested in what kind of use they might make of them. I guess it is part of the buffer zone you are referring to.

Dr. Chant: Yes. The buffer zone is 400 metres. We may have to acquire land beyond the strict boundaries of the site to avoid breaking up a parcel unfairly to a single land owner; therefore, we will have surplus land. If somebody wanted to lease it back and use it for agriculture or some recreational purpose, that would be perfectly fine as far as we are concerned, if the people are willing to do that. I think it rests with them.

There are other kinds of services. I mentioned earlier that it would help us if we undertook to treat, for free, used pesticide and fertilizer containers and dangerous household products in the township. I do not see why we should not do that for free; it is a very modest cost, and it would be a service to those people.

There are 489 industries in the Niagara region that generate industrial waste. Most people think the region is not a big waste generator; in total tonnage, it is not, but nevertheless there are 489 industries in that area that produce some kind of industrial waste, from very large industries, such as General Motors and Cyanamid and so on, to very small metal finishers here and there. This is not a commitment, but I think it is possible they will get favoured rates at the plant, simply because they come from the community that sees itself at threat.

6:20 p.m.

There is a whole array of opportunities for discussion with the community, but I do not think we should stand here and say, "This is the policy; take it or leave it." We have to engage in discussion and perhaps even negotiation with those people.

Mr. Knight: I have two very quick questions.

First, what would you anticipate as the life of the facility? Also, you mentioned export poten-

tial. Do you anticipate there will be any import potential? Have you given any indication where any potential transfer stations may be in the province?

Dr. Chant: I will try to answer very briefly. Regarding the lifetime of the landfill, which has a finite acreage, we said at the beginning we were not interested in sites providing less than 20 years of lifetime for landfill. I do not think this province wants to go through another adventure like this. Certainly not within my lifetime, I do not want to have anything to do with it.

According to current technology, landfill would have a lifetime of about 28 years. As inevitable technological advances take place over that period, that lifetime will be extended. My private guess is we are looking at 35 to 40 years when the final tale is told.

The lifetime of the treatment facilities is essentially infinite. They will be maintained and repaired. New and improved technologies will be added to them over the years and that plant could run for ever if the province and the government wanted it to. There is no finite end to that process. However, the landfill itself would have a lifetime of approximately that.

With respect to the import potential, it is a controversial issue. When we were going around the province looking for sites in all conceivable places, whenever I went to Sarnia, Windsor or Niagara Falls, where they happen to have a bridge going south, the people were convinced I had decided the plant was going there and the reason was that we could import all that American waste and make all this wonderful money out of it.

My own personal feeling—and it is controversial—is that we should not open our doors to the United States, or Quebec or Manitoba for that matter, except on a reciprocal basis. We are talking about expensive technology for treating waste. If we had a particular technology that New York state or Quebec did not have and they had a technology we did not have yet in this province, why should we not exchange waste? We send ours for their best technology and they send theirs for our best technology.

I personally find it difficult to go beyond that. At every meeting I attend, I am asked that question. If there was any hint that we were going to open the doors to become a dumping ground for the northeastern United States—that is the way it is put to me in quotation marks—I think we would be blown out of the water politically. The

people of this province are just not prepared to accept that. That is my position.

On transfer stations, I think inevitably there will be transfer stations across the province. One can look at centres of waste generation such as Cornwall, Ottawa, North Bay, Sudbury, the Lakehead and so on. I think it is given that there will be transfer stations.

Mr. Knight: Not Milton.

Dr. Chant: Not Milton. Maybe; who knows? You are going to have that big automotive plant there. You might need one.

Mr. Knight: I hope so.

Dr. Chant: The question of what they will be like, what they will do, who will own and operate them is up for discussion. There is a real opportunity here for joint ventures with the private sector to create transfer stations. There are already seven transfer stations in the province which we would view as privately owned, and there are real opportunities for joint ventures, a partnership between the private sector and the crown corporation to create these transfer stations. Our thinking on that has not progressed to the point where I can say they will definitely be run here and here. Bear in mind that is the way to proceed.

Mr. Andrewes: I would like to ask the minister whether he has he dealt to some degree with the question of intervenor funding. I hope he takes our plea to expedite the process of developing the criteria very seriously. I want to extend an invitation to the minister to attend the rally on July 11 or July 12. I think that invitation has already been extended. I want to impress on him as well that my constituents, who are concerned about this site, are looking for all the support they can get.

Does the minister stand by the statement he made to the St. Catharines Standard on March 16, 1984, in which he said, "Dr. Chant has completely ruled out the Niagara Peninsula as the potential choice"?

Hon. Mr. Bradley: I will have to go back and look at the old statements of the member for Lincoln on this matter when he was on the other side of the floor.

Mr. Chairman: However, that was not the question.

Hon. Mr. Bradley: It does provide me with the opportunity to place on the record the position of the Minister of the Environment in this situation. I appreciate the member for Lincoln saying that and giving me that opportunity.

I follow with interest the activities that take place in the Niagara Peninsula and formulate opinions, as years go on, about various proposals that affect the Niagara Peninsula. However, in my role as the Minister of the Environment, I have indicated publicly that it would be highly irresponsible for me to give an indication about the acceptability of either the kind of facility which is proposed by the corporation or the proposed location for the facility, before such time as the Environmental Assessment Board rules on it.

For a Minister of the Environment to indicate a preference, either in favour or against, the choice of the site or the facility would be placing undue influence on the Environmental Assessment Board, which is appointed by the government. Whatever decision is made by the Environmental Assessment Board will likely be appealed. With a matter of this controversy, I can anticipate, without prejudicing anything, that might be the case.

As the member knows, having sat in cabinet, cabinet ultimately will have some jurisdiction. I would have to look at the legal niceties of that, but I do want to indicate to the member that I have as the minister, as I think was countenanced by his government, the previous administration, stayed out of this matter entirely and have not attempted to prejudice or influence in any way the Ontario rally that is in opposition to it or attend a rally in favour of it—I have not heard of such a rally yet. That would be an indication the minister had indicated a preference one way or the other. I know that whatever members of the board were sitting would be very likely displeased with the minister for taking that activity.

As for the member for Lincoln, I fully understand his position and I know he does represent his constituents in a manner that he feels is responsible. Quite frankly, I say to members of the committee that, under the considerable pressure which the member for Lincoln has been placed with this particular circumstance, he has handled it very well with respect to the manner in which he has dealt with me as a minister or with the corporation and certainly with his constituents. I indicate that to all members of the committee today.

Perhaps after the board has ruled, the member will find out what the Minister of the Environment believes to be the appropriate course of action to follow.

Mr. Stevenson: Obviously, I will make this very brief. To what extent, in your search for

techniques, ideas, etc., has the lack of toxicology data been a limiting factor for you?

6:30 p.m.

Dr. Chant: I would say to some extent. I am not a toxicologist, but I am on the outskirts in my professional life as an environmental biologist on the fringes of toxicology. The greatest toxicological impediment at present is the fact that toxicology as a science has not yet been able to come to grips with the presence of large numbers of contaminants in the environment in very small quantities, parts per trillion, quadrillion, or whatever they may be, and especially has not been able to come to grips with human exposure and the exposure of other organisms to those small quantities in combinations over a long period of time, a lifetime, for example, and has not yet been able to deal with how do these contaminants interact. Some of them together are more potent than they are separately and some of them are less potent together than they are separately.

Modern toxicology has not yet solved that riddle and created the ability to handle those kinds of questions. What does it mean that I have been exposed since 1944, and only since 1944, to minute traces of DDT in my body fat? Every day is a new experiment with that, because I am one day older and that is one day longer experience. Nobody can answer that question. If I die from some bizarre clinical symptom of something or other, nobody would ever be able to tell if it was because I sprayed with DDT in the summers of 1951 and 1952 in the Okanagan Valley and got good doses of it.

Those are the limitations of the science of toxicology. They simply cannot answer the questions that our society is now putting to them. That is an impediment. In very practical terms, people say to me, "Supposing there is one part per quadrizillion of compound X coming out of your smokestack, what will that do to me, my grandchildren, my cows, etc." The fact is there is no answer to that question because modern toxicology has not yet been able to come to grips with it.

Mr. Stevenson: To what extent will toxicology studies be important to your organization in the future? Do you feel the lack of such facilities in Ontario or in Canada will be a major limiting factor to your organization in the future?

Dr. Chant: To our organization, specifically, I would say a limiting factor but not a major one. However, I remind the members of the committee or inform you, as you may not know this, before I took on this job at the end of 1980, I had

spent about three years of my professional life trying to get established a major modern centre for toxicology, jointly between the University of Toronto and the University of Guelph. The province has been supportive of that initiative, but the federal government has made it very plain that it is not going to support that kind of thing and it has not really got off the ground. That is a scientific tragedy and perhaps a social tragedy in this country. We do not have a major centre for conducting research on toxicology to come to grips with some of these kinds of questions I have discussed with you.

Mr. Stevenson: One very brief question. If you had to hire a real good toxicologist today, where would you find him or her?

Dr. Chant: Present company excluded, I would find him at Laval and I would find him at the University of Saskatchewan in Saskatoon.

Mrs. Grier: Where would she be?

Mr. Stevenson: Where would they be trained, there or internationally?

Dr. Chant: I do not know the background. Depending on the kind of toxicology you are talking about, we have a limited training capacity in Canada. The University of Toronto, for example, my home base, has a department of pharmacology, which trains people in the toxicology of pharmaceutical products, which is only part of what we are talking about. The University of Saskatchewan can train people in veterinary

toxicology. Laval has a good centre of toxicology for a certain kind of training there.

If I wanted to train a cadre of scientists for service to Canadians in the whole area of environmental toxicology, I would be hard put to find it. There is one here and one there. Yes, there are some women involved. I am sorry I cannot put a name on one right out of my mind, but our capacity for training modern toxicologists—ecotoxicologists are what they are called—in Canada is extremely limited and our ability to mount the massive research efforts I think are called for to answer some of these questions is very limited. That is a very sad state of affairs.

Mr. Stevenson: I would like to spend more time on this, but obviously the chance is not here, so I will pass.

Mr. Chairman: It is most appropriate.

Mr. Stevenson: I expect to spend more time on it, but I will be pointing my questions at someone else.

Mr. Chairman: It is an interesting line of questioning. Dr. Chant, on behalf of members of the committee, I would like to thank you for turning the afternoon into an adventure. We have all enjoyed and appreciated your sharing your knowledge with us and we thank you for your attendance here this afternoon.

The committee adjourned at 6:35 p.m.

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No. R-6

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Wednesday, July 2, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, July 2, 1986

The committee met at 4:02 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

Mr. Chairman: The standing committee on resources development will come to order. It was agreed that the member for Lakeshore (Mrs. Grier) would have the bulk of today's questioning, since the member for St. George (Ms. Fish) had her go last week. For that reason, I propose that we begin, even though only two of the parties are present. I do not believe other members would object if we got under way.

I would ask the member for Lakeshore to proceed. We are on vote 1801, and should proceed accordingly.

On vote 1801, ministry administration program:

Mrs. Grier: It seems to cover a multitude of issues. Every issue has been touched on briefly at some point in the discussions so far.

I would like the minister to give us more details about the whole issue of beaches and beach cleanup, which is of particular interest to me and residents of Metropolitan Toronto. I know it concerns a number of other municipalities.

There have been some accusations at the municipal level that the difficulty is at the provincial level. In response to one of my questions in the House, the minister felt the municipalities could not spend the money fast enough. How do beaches get cleaned up, other than by the whole long-term element of sources with which we are familiar, and what funding is available?

Hon. Mr. Bradley: Unfortunately, in many of these matters there are no quick fixes that do not themselves present problems. The member herself will be aware of certain quick fixes that probably everybody thought might have worked: diversion and things of that nature. They might indeed have solved the problem, but might have created other problems. We are confronted with that, and therefore look at it as a long-term problem.

However, the sources of the pollution have been identified as largely, not exclusively,

combined sewers in some areas. Major storms have the effect of bringing a lot of water to sewage treatment plants. It has to shoot past the sewage treatment plants; otherwise, it would knock them out. I believe the members are very familiar with that situation.

On a progressive basis, we are assisting municipalities with storm and sanitary sewer separation.

What concerns me is that we had a federal initiative in this regard under the previous administration, which provided some federal money. That is always helpful, because it accelerates the program of sewer separation.

There are two ways of handling this. The member for Hamilton West (Mr. Allen) brought to my attention an individual, Dr. William James who has a relatively new method, ponding, that has been used in some places for retention of the water so that you do not get it all shooting through the plant. As well, the plant does not have to be made so large that it can handle both storm and sanitary water.

Two municipalities are knocking at our door. East York, of course, has been doing that for some time. We have assisted it in past years and will do so again this year.

If my memory serves me correctly—and my staff will advise me otherwise if it does not—we are providing the necessary funding to meet all the programs East York could undertake this year in the field of storm sewer separation, which is what it has requested.

On the other hand, interestingly enough, York does not seem to be as interested in sewer separation as it is in another method of dealing with the storm water. It has different problems.

Some members of this committee, including both the member for Lakeshore and myself, were municipal politicians and will know that they have a particular interest in this area for two reasons.

First, of course, is the beaches being cleaned up and available to everyone. The second is so that one does not get calls at 10 p.m. about water in someone's basement. A lot of the motivation for storm sewer separation in many communities across Ontario comes from wanting to avoid 10 p.m. telephone calls to the house of the alderman or mayor.

We are providing funding in that regard, as well as for certain studies. We have also identified problems of urban runoff, and some of rural runoff. We have the Toronto area watershed management strategy report on the Humber, which will be released shortly.

Mrs. Grier: Right. Can you now define "shortly"?

Hon. Mr. Bradley: In the near future.

Mrs. Grier: By the end of this session?

Hon. Mr. Bradley: I would be delighted if that were the case. We will do everything we can to expedite it so that members will have the opportunity to ask questions about that.

These are the initiatives that were taken. I know the member is not parochial enough to think only of Toronto.

One of the reasons I asked the Premier (Mr. Peterson) if I could be Minister of the Environment was that I had to face the situation in my own community. The beaches are not closed as such, but every year they are posted as being unhealthy to swim in. In other words, one could have an increased risk of infection and so on.

Depending on who one talks to, we have either four or five beaches in St. Catharines. Certain beaches are defined as separate. The beaches where Twelve Mile Creek comes out at Port Dalhousie, which the member may be familiar with, right around to the Welland Canal, are all posted as having a bacteria count which is higher than desirable for recreational purposes.

On the other side the canal juts out into Lake Ontario. There is a beach on the other side, Jones's Beach, which manages to avoid this. Clearly, in our instance, and in my view as a nonengineer, the source is Twelve Mile Creek, not the Niagara River.

As we all know, we do not close beaches because of dioxin in the water, which is rather shocking in some ways, but because of bacteria.

In our area we have undertaken a program costing close to \$750,000 on studies which will pinpoint the precise sources of the contaminants going into Twelve Mile Creek. We can then spend money to correct that in the best possible way.

There is a lot of pressure, naturally, in my own community. They would love to see all the beaches open tomorrow. However, unless one can identify the specific sources and spend the money efficiently, one can throw a lot of money at the problem—that is, separate all the storm and sanitary sewers—and still have a problem down there because of industries which are further up.

Those kinds of dollars, then, are being spent around the province.

Specific to the Toronto beaches cleanup this year—and we have been involved in negotiations with these municipalities—one of my ministry officials, Dr. David Balsillie, will be happy to provide the specific information.

Mrs. Grier: Thank you.

4:10 p.m.

Dr. Balsillie: Before any questions, Mr. Crabtree, the assistant director of the water resources branch, is with me.

We have allocated \$4.5 million this year for the beaches protection program, of which \$800,000 is for the Metro beaches, with an additional \$1 million for beaches outside the Metro area. From that \$4.5 million there is also money going to the Ontario soil conservation and environmental protection assistance program, plus \$1 million for infrastructure needs, and another \$700,000 for pollution control plans.

The study on the Humber River was mentioned. That study is completed and being submitted to those municipalities so they have it in advance of the release for their review and comment. As the minister indicated, we will be prepared to issue that report then.

There is a similar program on the Don River; it parallels the Humber River study. I believe that will continue for the next two years. There will be a similar report on the Don River identifying the sources of pollution, where it comes into the river system and how it affects the outflow into Lake Ontario.

Mrs. Grier: Does that include a remedial plan of action?

Mr. Crabtree: It does. The purpose of the report is not only to identify the sources of the contamination, but to enable us to predict the effect of removing or reducing the effects of those sources through modelling. A series of options have been identified that enable us to reduce the effect of that input. They range from straightforward examples, such as increased street sweeping, improved or increased catch-basin cleaning, to more expensive capital works, such as the control of inlets, upstream storage areas and in-line storage. The purpose is to reduce the impact of combined sewer overflows during a storm which, as the minister mentioned, is one of the causes for untreated bacteria reaching the beaches.

Mrs. Grier: How does one gain access to the \$800,000 you identified for Metro this year? How do you anticipate it being spent?

Mr. Crabtree: It is strictly for studies and small remedial activities, programs co-ordinated for the past two years and again this year by Metro. The funding is shared between the ministry and the municipalities involved on approximately a 50-50 basis. We are looking at studies that actually cost about twice that \$800,000.

Mrs. Grier: Is the Toronto area watershed management study not part of that funding? Is it separate?

Mr. Crabtree: It is not part of that funding. The TAWMS itself is funded totally by the ministry, whereas the \$800,000 is turned over in the form of a grant to Metro which then disperses it in accordance with programs agreed to by ministry staff.

Mrs. Grier: How much of the \$4.5 million will be spent in Metro this year directly on remedial action?

Mr. Caplice: I have that summary here. Regarding Metro plant improvement under the normal grant program, I have an indication we will be flowing \$6.75 million to them for improvements to sewage treatment plants. Under the separation agreement the minister talked about, covering the boroughs and Metro, we will be flowing another \$3.7 million to them. That is in addition to the \$800,000 Mr. Crabtree talked about for the studies program and in addition to the \$200,000 budgetted this year for the completion of the work on TAWMS. The TAWMS has been ongoing for about five years.

Mrs. Grier: The \$6.75 million will be to Metro for sewage plant improvements and the others would be to the area municipalities as they seek it?

Mr. Caplice: Yes.

Mrs. Crier: Are the same financial arrangements available across the province? I know there is the same problem at Britannia beach in Ottawa, and the minister mentioned St. Catharines.

Mr. Caplice: The minister will want to clarify this, but in other parts of the province that are affected in relation to the impact on recreational waters we are looking more at study programs—in St. Catharines, Peterborough, Sarnia, Windsor and Oshawa. We are looking at a combined figure of \$1.2 million to be allocated to an upfront, steady allocation to those areas.

We in the ministry feel strongly that various solutions are going to be found to make the recreational waters of the province more suitable, particularly for bathing. We should proceed

along the study route first, as opposed to jumping in—particularly in places such as St. Catharines—and devoting a lot of capital money.

The minister, as he has said on a number of occasions in public statements, is seeking some extra funding from the federal government. Perhaps he would like to comment on his approach.

Hon. Mr. Bradley: In the long run, the desire is to interest the federal government in providing some joint funding in this regard, and I will take at least one more crack at this at the meeting of the Canadian Council of Resource and Environment Ministers this fall.

The federal government participated quite significantly in the phosphorus program. A lot of that was devoted to upgrading sewage treatment plants across Ontario, putting in tertiary treatment to remove phosphorus. We worked well in conjunction with the federal government in that regard. That is winding down to a very large extent now, because the phosphorus problem has been largely dealt with fairly successfully.

I would like to see a similar program initiated for other purposes, such as the ones you have talked about; sewer separation, for instance. We can call it beaches cleanup for want of a better word, improvement of water quality.

I would like nothing better than to have the federal government to become involved in that, particularly in international waterways at least if it is afraid of getting involved deeply in another way. This would include Lake Ontario and the other streams that go into these waterways, and it would be very helpful. This program of devoting dollars to it, which is going to be relatively long-term, would be accelerated.

Obviously, with the municipal-industrial strategy for abatement program I announced, the suggestion is that improvements will have to be made in sewage treatment plants. Conversely, the municipalities, with the assistance of the provincial government, will have to get it at the source: industries that dump into sewer systems.

The member is alluding mostly to beaches cleanup. We are spending the dollars. This year, the ministry is providing \$11.4 million to Metro Toronto area municipalities for improvement of beaches during the fiscal year 1986-87. That is a figure I did not have in the House when the member asked the question originally, because we were still in negotiation. This is an increase of \$1.7 million from the \$9.7 million funding for last year.

There is \$6.7 million for improvements to Metro sewage plants and sewage systems, and

\$3.7 million has been tentatively allotted for the separation of combined sewers in Metro Toronto, up from \$2.9 million last year, as well as \$800,000 for beach studies and debris cleanup and \$200,000 to support research by the Toronto area watershed management strategy study.

There is a significant increase of 18 or 20 per cent in the amount of money to be spent there. However, I do not want to pretend that we are going to solve the problem this year, even with that increase. We are going to make some progress towards a solution but will not solve the problem this year.

Mrs. Grier: The minister stresses his desire to initiate further discussions with the federal government, with which I do not disagree. Do I sense that further capital funding, upon the completion of the various studies, is going to be dependent upon federal participation?

Hon. Mr. Bradley: Let us put it this way. That would dictate the schedule for it more than anything else. I hate to think of myself as Utopian, but I envisage a very comprehensive tripartite program which would involve considerable federal and provincial funds. The former Minister of Agriculture and Food knows all about tripartite programs.

Mr. Stevenson: I hope it is more successful than the one we are dealing with.

4:20 p.m.

Hon. Mr. Bradley: There is the municipal one as well.

We simply have to avail ourselves of the federal money. I will not talk about the political end of it, but it would be appreciated very much in many parts of the province if the federal government were to contribute. I do not say the program is totally dependent on it. I am talking about the schedule. If we had federal participation and not simply municipal and provincial participation, we would be able to accelerate what we would like to do. I have communicated with the federal members of Parliament from Ontario on a number of issues, this being one of them, to enlist their support in getting federal funds for infrastructure renewal, which is not what we are talking about here, and for the cleanup of beaches.

Mrs. Grier: Another aspect of the beaches cleanup I would like to touch on is the whole question of lake filling. When I raised this in the House, the minister indicated his agreement that it had contributed to the contamination of some of the beaches. Since then, has the minister given any thought to the prospect of a general impact

study on all the protrusions and peninsulas we have created in the lakes, not only around Metro Toronto but also in other parts, to determine what they have contributed to the degradation of water quality?

Hon. Mr. Bradley: I have thought about it. The member raised the question in the House when this was taking place. Many people did not see that as a contributing factor. However, it tends to make the water go where the water would not naturally go and therefore the bacteria tends to accumulate in certain places. Make me come back if I wander too far, but I saw another suggestion by one of the councillors; I believe it was controller Stockwell. He suggested that the outflow be put way out into the lake. That is an attractive proposal except that it is hard to pump the water once you get it out there. It is very difficult to pump it. If we could do that, we could probably have some impact on improving it.

Mrs. Grier: Would you not be spreading the problem somewhere else?

Hon. Mr. Bradley: You would; but you keep the beaches open, if you are talking strictly about keeping the beaches open. This goes back to my strategy of getting at the sources.

Mrs. Grier: Can I bring you back to lake filling, as you asked me to?

Hon. Mr. Bradley: We can bring pipelines from Lake Nipissing or wherever we want, but that does not get at the sources. You are going to bring me back to lake filling and Peter Crabtree is going to tell us about it.

Mr. Crabtree: Monitoring of the lake filling—I am referring particularly now to the Toronto area—is a continuing program of the water resources branch. A fairly extensive study was released back in the 1970s and a further one was released in 1984 indicating that there was essentially local contamination from the lake-filling program.

The monitoring program that was carried out indicated there was a greater contribution from the Toronto main sewage treatment plant around the spit area than from the filling operation. However, in a local sense, there was a contribution. The monitoring has continued and another report, based on the past two years' work, will be released relatively soon. It will indicate basically the same picture as the last two, the 1970s' report and the 1984 report.

Mrs. Grier: Did these reports not concentrate more on the turbidity and the sediment caused by the filling rather than on the long-term impact as

a result of the lack of cleansing action resulting from the protrusions?

Mr. Crabtree: They also looked at the more persistent contaminants one would expect to find, such as polychlorinated biphenyls. It is a fairly extensive monitoring program that looks at the types of contaminants that will be there for some time, as well as those that degrade relatively quickly.

Mrs. Grier: Is part of the monitoring the effect on the changing current patterns?

Mr. Crabtree: The effect of the changing current patterns will show in the monitoring results. The monitoring for contaminants that I am talking about was not specifically designed to look at the effects of the currents, but to look at what happens as a result of the current changes that are occurring.

Mrs. Grier: Do you have any sense from those reports that the buildup of contamination on some of the beaches has been a result of the lack of natural cleansing?

Mr. Crabtree: No. The contamination we are looking at from the lake filling is probably not affecting the beaches. As the minister said a little earlier, we are concerned more about the bacteria affecting the beaches. They are the types of contaminants that tend to break down over time, whereas the types of contaminants we are monitoring in connection with the lake filling program are will be there, either dissolved in the water or adhering to the sediment, and may well settle relatively close to the area of deposition in the first place. If there were an extrapolation to make, it would probably be the fact that many of them adhere to the sediments and that keeps them relatively local with respect to their impact.

Mrs. Grier: You are looking more at the effect of what you have been dumping than the long-term effect of the change in the landscape.

Mr. Crabtree: That is correct.

Mrs. Grier: There has never been a generalized study of the effect on the shoreline resulting from the change in the shape of that shoreline. I remember the environmental assessment on Samuel Smith Park. Officials from your ministry argued about the lateral currents, the scouring, the life on the bottom and how awful the landfill would be if it went in. It was approved. I am seeking some sense that the effect of that and other lake fills are being looked at or at least will be looked at from the point of view of changes in the shape of the shoreline rather than as a result of what is being dumped, which I acknowledge also causes changes.

Mr. Crabtree: The changing shape of the shoreline will affect the extent of the movement of any contaminants that may be present in the material disposed of. We will get indications in our monitoring program of higher levels where the movement cannot occur as a result of the contours of the infilling program. The results of the monitoring we are doing will show the effect of forming a particular shape and using a particular type of material because it is related to (a) the material, and (b) the currents that may be generated as a result of the shape of the infilling.

Mr. Chairman: Mr. Stevenson has a supplementary question regarding your question about life on the bottom.

Mr. Stevenson: I have a series of other questions I would like to ask whenever it is convenient.

Mr. Chairman: Then perhaps Mrs. Grier can proceed.

Mrs. Grier: I would like to move on to the question of drinking water.

Hon. Mr. Bradley: There is one thing I would like to clarify about the last point. It concerns the problem we are confronted with when we shut the beaches. We do not do it; the health department does. In my area, for instance, it closed four of the beaches. Part of the pollution is alleged to be from Ontario Paper Co. that produces a different kind of bacteria. Those of you who are chemists or know something about this might be able to clarify it.

Ontario Paper contends that the medical officer of health should not close the beach and that the specific kind of bacteria it produces is not as damaging to human health as sewage. As a result, we have established a committee of top medical people and scientists to review this. The great danger is that if you change the criteria by which you shut the beaches, everybody will say, "All you did was change the criteria so you could keep them open. It looks good." There is always a danger in taking a different approach by saying that perhaps we should not give such a large weight to a certain kind of bacteria. What kind would it be in this case, Peter?

Mr. Crabtree: Faecal coliform or E. coli.

Hon. Mr. Bradley: We are looking at that criteria. Even in Toronto there has been a debate over that. Some say the Americans do not close their beaches because they do not have the same kind of counts we have. They do not give weight to one kind of bacteria over another. That is a dilemma we are looking at. Even environmentalists, who tend to be very cautious on this, are

saying, "It is at least worth a look to see what criteria you use to close the beaches."

Mrs. Grier: I do not understand why the beaches would remain open if you change the criteria. Surely the only point in changing the criteria would be to add to the things you now examine all the others things you do not monitor.

Hon. Mr. Bradley: Perhaps Mrs. Wile will comment briefly on this. I do not want to detract from your questions, but people constantly say I am using a count from a different kind of bacteria.

4:30 p.m.

Mrs. Wile: The change we are trying to make reflects an advance in the technology and our ability to measure micro-organisms in the aquatic environment, which in a sense is far more difficult than under more concentrated conditions, such as in blood or human samples.

A fair amount of work suggests that the faecal coliform indicated, which we have used in the past, is not specifically related to human milk or fats. We are proposing an *E. coli* indicator, which is a more direct measure of faecal contamination. There is a well-developed relationship between a level of *E. coli* and a risk to human health, which basically consists of a benign version of gastroenteritis—nausea, diarrhoea, vomiting.

We are also proposing a *Pseudomonas aeruginosa* indicator, which would measure the level of these organisms to protect swimmers against ear infections. Those seem to be the two primary swimming-related illnesses.

Mrs. Grier: Why would you not consider measuring for organic chemicals, which may have a long-term, if not direct, effect on our health?

Mrs. Wile: The science is just not well enough developed. Human beings are exposed to toxic chemicals through inhalation, ingestion and dermal contact. The dermal contact route is probably least-known. That would be the primary concern in developing any kinds of guidelines or standards for recreational waters with persistent toxics.

It is a direction in which we seem to be heading, looking at all routes of exposure versus a single medium approach. I do not think the science is suitable at this point.

Mrs. Grier: If the readings for *E. coli* were zero, would you consider the waters around Toronto harbour safe for recreational swimming?

Mrs. Wile: That is correct. The only difference between *E. coli* and the faecal coliform is

that the faecal coliform is not really a specific toxic. It is a very large group of diverse micro-organisms and some of them are not faecal-specific. By taking *E. coli*, which is faecal-specific, we are narrowing down the organism responsible for various swimming-related illnesses and using that as a surrogate measure of the multitude of viruses and bacteria that exist in the water.

Hon. Mr. Bradley: I am sorry to sidetrack you on that. I thought you would want to know.

Mrs. Grier: I think it is very interesting. What are your intentions with respect to that? Do you intend to implement it?

Hon. Mr. Bradley: The study is going on.

Mrs. Wile: We have completed the report, or we have looked at all the signs, if you like. We now are proposing an external advisory process whereby there will be public consultation. The issue under consideration is what level of risk we are prepared to accept. We can go to zero risk with *E. coli*, which would be far more stringent than anything we have had in the past. On the other hand, we would be looking at a significant number of beach closures. You can essentially pick any level above that and there would be a small percentage of swimmers at risk for benign gastroenteritis. The role of this advisory process and public consultation will be to determine an acceptable level of risk.

Mrs. Grier: How complicated is the testing process? How long after you take your sample do you know the degree of risk? Is it possible to devise a system whereby the public can form its own assessment as to whether it wishes to swim?

Mrs. Wile: The mathematics of establishing the risk at any given level is a little complex because it is based on a seasonal geometric mean. There would be some difficulty in allowing people to determine their own level of risk. They would have to carry around something such as a small computer. When the medical officer of health placards a beach, it does not prevent people from using it if they wish to do so. They could possibly come up with a system that posts what the risk is and allows people to make their own choice. The actual testing and measuring is no more complex than that of the current faecal coliform.

Mrs. Grier: If there are no supplementaries on that topic, I would like to ask about drinking water, about what the plans, intentions or spending estimates reveal as to what we might expect in the current year, and perhaps the status

of the Niagara Falls project and when we might expect some results from that.

Hon. Mr. Bradley: This is what we call moving right along, making significant progress towards what it was designed to do. Interestingly enough, there are not enough contaminants in the regular water supply, the raw water coming to Niagara Falls, to conduct a study so the water has to be spiked in this experiment. The water gets spiked, goes through the system and then we determine how effective, for instance, activated carbon charcoal can be.

Mr. Crabtree will bring us up to date on how that much-lauded program is moving forward.

Mr. Crabtree: The program is essentially broken into two phases. Phase 1 is the preparatory work related to putting the equipment in place and doing a number of test runs that will indicate the type of things the minister referred to when he talked about spiking, the dosages required and so on. That stage has been going on now for more than a year and is very close to completion. The report on phase 1 is due this month, in the middle of July.

We then move to phase 2, which is the more routine assessment of the ability of the pilot plant to remove toxic contaminants. In some cases we are working with the levels of contaminants that are present in the raw water from the river, and in some cases with the addition of some of the contaminants we need to measure. This ensures that when they go through the process, there is some residual left so we can measure the efficiency of the activated carbon column in removing the contaminants. We need a high enough level at the beginning so there is some left to know the effectiveness. That program will continue into 1987 and the final report is due towards the latter part of 1987.

Mrs. Grier: Will the spiking that you are doing make the findings of this pilot project relevant to areas other than just the Niagara water?

Mr. Crabtree: Yes. The results will be transferable to other areas. The primary purpose of the spiking is to get an efficiency reading on the ability of the activated carbon to do the task we want it to do. It is fairly well established now that no other water treatment process operated properly has the ability to remove a significant proportion of quite a number of contaminants. Those that generally adhere to the particulate matter, which is removed through chemical addition, flocculation and then filtration, will be taken out in the early part of the process before we get into the activated column at all; so we are

looking at that aspect in addition to looking at the efficiency of an activated carbon column.

In other words, the program has transferability, which I think you were referring to, in terms of both the basic water treatment process operated in an optimum fashion; and having done that, the efficiency of an activated carbon column to remove what is left. First, you need to optimize the basic treatment to get the carbon column operating most effectively because you do not want much residual in the way of particulate matter present when you pass the water through the activated carbon column. That will reduce the efficiency of the carbon to attract to its surface the contaminants we wish to remove.

Mrs. Grier: Do I take it that until the results of that pilot project are available, you do not anticipate making carbon filtration beds available to other municipalities; or any other projects of a similar nature?

4:40 p.m.

Hon. Mr. Bradley: We want to see how that program is working. That certainly would be the case. In addition to people from my own ministry, we had in all the people who are in the production of what we call advanced water treatment methods. These people are promoters of activated carbon charcoal beds, reverse osmosis, any and every process that might be there. In addition, we have had in a gentleman from the University of Illinois, with the US Environmental Protection Agency, and engineering firms dealing with both conventional treatment and advanced water treatment methods. Since it was of particular interest to the St. Clair River area, I asked, "Can you guarantee to remove dioxin in parts per quadrillion with your system?" None of them could give that guarantee.

Also, at some conference I addressed in Toronto—I think it had to do with the American Water Works Association—I met a person from the Cincinnati plant. That plant is in process for an entirely different reason, and it has not been without problems.

In most places where they have them, they are apparently there to deal with odour and taste as opposed to anything else. The experiment in Niagara Falls, which the previous administration set up—I think Mr. Brandt was the minister at the time—was to determine how it would work with drinking water and using the contaminants we have talked about.

It was interesting to talk with the top people. Many of them went back to saying: "Take a look

at your conventional treatment methods. How are they working? Do you have the latest equipment? Do you have trained staff who know how to operate them appropriately? Is the process a good one?" We have done that in the St. Clair River area, which was a particular focus, but we are going to go across the province with it.

By going through these plants they found they could improve them considerably. In those that identified problems with turbidity, for instance, they found that solving their problems with turbidity would be solving many other problems as well.

Mrs. Grier: When you say you are going to go across the province with it, is that something the ministry is going across the province with or would you leave that up to municipalities?

Hon. Mr. Bradley: The ministry does the study. A ministry team goes in, assesses the plant and suggests improvements they could make. They then undertake the improvements. Surprisingly, the improvements largely are relatively minor in terms of costs, and in some cases they are very elementary improvements that can be very helpful in the treatment of water.

Mrs. Grier: So you do not see a municipality such as Wallaceburg, which wants its pipeline, or Metro, which is talking about a pipeline, getting any definitive answers on those until you have completed the pilot project studies?

Hon. Mr. Bradley: I have to assess the Wallaceburg pipeline proposal when I get the final reports. There is a process of public input on the consultant's report, which I will want to see, and I will be meeting with those people again.

I must confess that pipelines are not what I consider the front-line solution. All you do is ignore the sources of the problem and bring the water in from somewhere else. Since the Kate Davies report stated that airborne pollutants are getting into water, I do not know how much you solve by doing that. In some cases it is the answer for a variety of reasons, but not in others.

Perhaps Dennis can elaborate on the conventional plant upgrading program.

Mr. Caplice: I was going to ask Peter whether he might want to elaborate for Mrs. Grier on our direction with the optimization study, the number of plants we are going to do and the approach we will be taking.

Mr. Crabtree: The study the minister referred to a moment ago looked at nine plants in the St. Clair area, including Wallaceburg, from the point of view of the opportunities for optimizing their operation.

One of the key things is to reduce turbidity, as the minister mentioned; that relates back to the point I made a moment ago. As you remove the particulate matter and hence reduce the turbidity, not only do you have clearer-looking water but also, as a byproduct, you have removed many contaminants of concern that we are looking at today.

That was a local study, but it was a precursor to a bigger one that is about to start, which will look at 40 major water treatment plants across the province. Included in that will be water treatment plants that serve about 70 per cent of the population of the province.

From the point of view of what can be done relatively economically, in some cases fairly simple changes in operation are involved; in other cases, slightly more expensive capital improvements may be necessary. At this stage, however, we are not looking at major inception, such as the addition of activated carbon or that type of approach.

It may be worth mentioning that last year, when we were dealing with the alachlor program in the southwestern part of the province, we had some experience in adding powdered activated carbon as compared with granular. Basically, the very fine powdered carbon is thrown into the clarifier, allowing that to absorb on its surface some of the contaminants. The pesticide alachlor was a concern at that time. That was proven—in a full-scale study, not a pilot study—to be quite effective in removing pesticides. It is not, however, a way we would propose on a long-term basis; it is more of a contingency approach.

Mr. Chairman: Could Mr. Stevenson have a supplementary?

Mr. Stevenson: Did I understand the minister to say the water quality at Niagara Falls is sufficiently good that to carry out research on it and study the effects of carbon filtration, or whatever you might be using there, you have to spike the water?

Hon. Mr. Bradley: To do the specific kind of study we want to do, it has to be spiked.

Mr. Crabtree: What is happening is that by optimizing the basic water treatment process, we are getting the levels of contaminants down such that when you go through the carbon column there is no residual left on the downstream side.

Unless we have a measured level on the upstream side and a measured level on the downstream side, we are not able to measure quantitatively the effectiveness of the carbon in removing those contaminants. All we can say is

that if it is there at the beginning and not at the end we have removed it.

In a quantitative sense, that does not give us an answer that would enable us to extrapolate where we might have higher levels. Therefore, we are adding, or spiking, certain contaminants or chemicals into the upstream side so we have the ability to measure the effectiveness of the carbon.

I should mention, incidentally, that none of the water that goes through the pilot plant goes out into the distribution system.

Mr. Stevenson: What sort of gradient do you require, either in parts per quadrillion or in micrograms per litre? It is even smaller than that, I guess: nanograms or picograms per litre.

Mr. Crabtree: It depends on the detection limits of the chemicals we are looking at, but some will be in parts per billion and some will be in parts per trillion.

Mr. Stevenson: What gradient is required?

Mr. Crabtree: Either micrograms per litre or picograms per litre.

Mr. Stevenson: In those same chemicals, what are you finding in the raw water?

Mr. Crabtree: The levels of those that are present generally are relatively close to the detection limits. Those are the same findings as we had a couple of years ago when we did the fairly extensive drinking water report on the Niagara plants, which included the Niagara Falls water treatment plant. Generally, we are finding the ones of concern to us, the organics, in the ranges of low parts per billion and even parts per trillion.

Hon. Mr. Bradley: Is this taking place above where the inputs would be from the United States side?

Mr. Crabtree: At that point the river generally does not mix too much to the Canadian side. We are above the falls. The major flow around the Tonawanda channel stays on the American side until it crosses the falls. One of the main contributing factors in keeping that happening is the large flow that is taken off to the Lewiston generating station.

The only situation in which there is a transverse flow across the river to the Canadian side is if we have a very large drawdown by the power station on our side at the same time as there is a very low drawdown on the American side. Therefore, there is very little traversing of the river from the Tonawanda channel to the Niagara Falls water treatment plant. Most of ours, in other words, is drawn from the

Chippawa channel, which, generally speaking, gets some transverse flow across in Buffalo, but not too much.

Mr. Stevenson: I want to make sure I understand this. The levels of organics in the raw water supply are just at the detectable level; is that correct?

Mr. Crabtree: Yes, generally; they are relatively close.

Mr. Stevenson: When it goes through a well-operated system that would be standard for the area, there is no detectable level?

Mr. Crabtree: Yes. There is some removal in the standard water treatment process.

Mr. Stevenson: But there is still some detection of chemicals.

Mr. Crabtree: There were some reported. I recall the same thing from the report of a couple of years ago.

4:50 p.m.

Hon. Mr. Bradley: I would like to note here as well that Niagara-on-the-Lake, for instance, which is down from Niagara Falls, used to get its water from the Niagara River and now gets it from the St. Catharines water supply as opposed to there. When you are talking about Niagara Falls—I think you know the area fairly well—they are up above the falls, and most of their dumps are either on the other side and the stuff stays there or they are down from where the intake is. It is probably not as representative of raw water as it might be if you look at it down at Niagara-on-the-Lake.

Mr. Stevenson: Do you have any idea of how much longer, say in days, weeks or months, the people of the Niagara area are likely to live if the improved system is put in? What sort of toxicological—is that correct?

Hon. Mr. Bradley: I am the guy who cannot pronounce the word; so there is no use in asking me.

Mr. Stevenson: What sort of information do you have available to you that leads you to believe the studies you are doing are going to give you some major advance in water treatment? Why are you going with the ones you are going with as opposed to some others? What sort of background is there? There must be something you are working on that wants you to do this other than just simply saying we are trying to get this as close to zero as we can measure it.

Mr. Crabtree: The point to appreciate is that those relatively few organics that have been found have all been found at well below any

objectives or guidelines either from Ontario, Canada or across the United States. What is being done is being done more from the contingency point of view of finding out how effective alternative treatment processes can be in further removing organic chemicals, if they become a major concern, in comparison to a conventional water treatment process.

Dr. Balsillie: Can I add something to that? Peter is on the mark in that we are trying to get a little bit ahead of the game here. This is not the only project we are funding. Through the research advisory committee we are also funding an ozonation study. As the minister indicated, we have had into our shop some of the leading people in water treatment from across North America. The director of the water resources branch is currently on a three-and-a-half-week US Environmental Protection Agency tour of various centres in the United States looking at the latest in sewage and water treatment facilities.

The Niagara project is one portion of a larger ministry program. If there is a need in case of a spill, or if we run into some protracted area where we have to do advanced treatment, we will want to have at our fingertips the best information available so we can use that particular technology as effectively as can be. It starts from the optimization of normal sewage treatment and runs right through to specialized treatment, if required.

Hon. Mr. Bradley: When it was started a few years back, they were not testing for dioxin; that was not in the plan. I asked them to test for dioxin because there are some great problems with the amounts that are found in the dumps on the other side that may have been making their way in. Generally, there is a greater concern about dioxin; so dioxin is one substance they will be now doing which was not originally contemplated.

Mr. Taylor: Therefore, you do not know what you may be testing for. In other words, what you are doing now is academic when it is needed. It may be a chemical you are not even acquainted with at the moment that you have to subtract from the water supply. What you are doing now may or may not be relevant to the need that will be demonstrated at some future date.

Dr. Balsillie: We have a fair amount of information on the types of chemicals we are dealing with. We also look at chemical groupings. Various chemicals in chemical groups act in similar fashions. Therefore, based on the number of chemicals we look at, we would get a wider spectrum. There is always the possibility

we may have an isolated chemical and we do not know how it operates.

Mr. Taylor: The minister just mentioned dioxin was not being tested for. At one time, with the effluent from industry, people did not know what they were dumping into the sewer systems until they started to fall apart and rot. Then you stick the intake pipe for your water system farther into the lake, and you start pumping your sewage farther; the first thing you know, soap suds come out when you turn the tap on.

What I am coming back to is that there may be effluent combinations in the future somewhere that we do not even know about today; so the testing you are doing may or may not be relevant in terms of a future crisis.

Dr. Balsillie: The answer is that, as announced by the ministry, we are looking at the municipal and industrial strategy for abatement, where we are going to enter into a monitoring program with industry to find out what it is emitting into the receiving streams so we will be aware of what is going on and what has to be taken out.

Mr. Taylor: What is your liaison or relationship with Dr. Chant in all of this?

Dr. Balsillie: Dr. Chant was here last Thursday and was at the leisure of the committee for two and a half hours, I believe. He took the whole afternoon. The ministry's liaison with Dr. Chant and the Ontario Waste Management Corp. is ongoing.

Mr. Taylor: I was asking that question in terms of the relevance of this program with what he may be discovering as a toxicologist. When he came in he was a founder of Pollution Probe, as I understand it, and was co-opted by a previous regime.

Hon. Mr. Bradley: What was the word you used?

Mr. Taylor: Co-opted. It was an interesting relationship.

Hon. Mr. Bradley: I thought his talents were enlisted.

Mr. Taylor: They were enlisted, I think, with terms. You know more about that than I do. By "terms," I mean his association with the university and his interest in toxicology.

Hon. Mr. Bradley: I would never think the previous regime would try to co-opt anyone.

Mr. Taylor: Because of his expertise in that area, I was wondering whether there was a close relationship in the type of work you have been describing, which is quite interesting, and what

they may be discovering in terms of having to dispose of liquid industrial waste, because there is a possibility of encountering effluents we are not entirely acquainted with at this point in our history.

Mr. Chairman: That is a very dubious supplementary.

Mr. Taylor: I am sorry; I must have wandered.

Mr. Chairman: That is right.

Mr. Taylor: It was relevant when I started.

Mr. Chairman: We will go back to Mrs. Grier.

Hon. Mr. Bradley: Everything Jim Taylor says is relevant.

Mr. Chairman: Mrs. Grier has the floor.

Mrs. Grier: Mr. Chairman, I know you would want me to ask for an update on the Kam-Kotia Mines situation. Perhaps I can phrase it this way. Can the minister or one of the officials fill us in on when we might expect the contracts to be let for the cleanup there and what guarantee we will have that rehabilitation will have been completed prior to the next spring runoff?

Mr. Chairman: That is a very good question.

Mrs. Grier: I knew you would like it.

Hon. Mr. Bradley: I do not think the chairman, the member for Nickel Belt (Mr. Laughren), has a particular interest in this. I do not think he prompted it.

Mrs. Grier: He did not write it.

5 p.m.

Hon. Mr. Bradley: If I may make an initial report on this as minister, it is something I have discussed with the Minister of Natural Resources (Mr. Kerrio). One of the first exotic trips I took as Minister of the Environment was to northern Ontario, which is the exotic land we have here in Ontario. I am sure the member for Rainy River (Mr. Pierce) would agree with me. I went up to the Timmins area and one of the items I discussed with local officials at that time was the Kam-Kotia Mines Ltd. situation, which is an example of an operation which was left in something less than a desirable condition.

I am not one to draw the federal government into it when there is a problem, but I think there is a federal component to this. As I recall, there is a federal component and in addition there is a component known as the Ministry of Natural Resources. No doubt the member for Nickel Belt would want to raise this in the estimates of the Ministry of Natural Resources as well. Dennis

Caplice can bring us up to date on the activity related to this.

Mr. Caplice: The Ministry of Natural Resources, ourselves and the Ministry of Northern Development and Mines have a technical committee in operation now. We are drafting the consulting engineering assignment and, essentially, the request for proposals. The funding in principle has been agreed to and we are looking at the leadership, as the minister says, of the Ministry of Natural Resources, with a backup from Northern Development and Mines and ourselves, to look at these proposals to rehabilitate that large area—the dollars that will have to be expended and over what period.

As you know, it is a big area—675 acres—that is in need of rehabilitation, if memory serves me correctly. There were various ideas suggested for attacking that problem and the cost estimates were quite wide. In the next two-year to three-year period, it is the intention of the Ministry of Natural Resources to try to phase in the rehabilitation proposal and to look at the least-cost means of doing it, but at the same time ensure the protection of the downstream waters.

Mrs. Grier: It was timing that was primarily my concern because, as I understand it, the Management Board approval was in March, four months ago, and we still do not have the tender call drafted. Given that it takes so long to call the proposals, what guarantee is there that we will have some rehabilitation before next spring?

Mr. Caplice: I do not think you will have rehabilitation of a major nature before next spring. You will have the requests for proposals answered and the consultant on the job. I do not think anybody who looked at the size of that problem thought we were going to do it all in the space of one year, even if we had an unlimited budget.

Mrs. Grier: What were the Kilborn recommendations? How long did they envisage it taking?

Mr. Caplice: I cannot recall. I do not know whether Jim recalls the Kilborn recommendations.

Jim tells me there was no real time frame in that Kilborn report. It was costed out through various levels from \$4.5 million, as I recall, up to \$12 million to \$14 million. A wide-ranging set of options was set out in the Kilborn report. It is our intention in this request for a proposal to seek the best technical solution, again at the least cost, because it is a large area and, as you know, we

have not been able to pin any responsibility on past owners.

Mrs. Grier: Given that the past owner has escaped contributing at all to the cleanup, has any thought been given to using this as one good reason that we need some type of a superfund that would prevent this type of problem in the future?

Mr. Caplice: Yes. We also have a committee looking at the whole question of mining operations and their impact, particularly post-impact when the mine ceases to operate. We hope to bring forward for consideration by the government some suggestions in relation to the mining industry. That then flows to the next question you raised: the whole matter of decommissioning other sites and the question of getting the proper amount of dollars set aside in some type of a fund.

In the United States, they have historically reached out to the chemical industry in the creation of a superfund. The minister has had some discussions with his federal counterpart about the desirability of that exercise being led by the federal government. With the way in which Canada is set up as a federation, it does not seem all that appropriate that a province launch its own taxation or levy system to create such a fund. It is probably a fund that should flow more and be led more by the federal government. The minister may want to comment.

Hon. Mr. Bradley: I have communicated with the federal minister by letter and in person regarding the desirability of a superfund for Canada. If my memory serves me correctly, the federal minister was not initially overly enthusiastic about it in terms of adopting an American model. His preference would be a distinctly Canadian model, which would have to be worked out. I do not believe he has by any means closed the door on it.

In fact, recent statements of his indicate that he may have an interest in it. However, I think he wants to avoid the US model, which he does not consider appropriate for us. That is a matter for further discussion. You would be amazed what we cover at the famous meetings of the Canadian Council of Resource and Environment Ministers.

I am told the issue of a superfund is raised each year. Other provinces, naturally, experience the same thing we do, particularly when mining operations are finished. Again, we went over that.

I went out to Timmins, where the mine tailings are. You people in northern Ontario know this very well. To look at what it does to the land is an eye opener for those of us from the south. When

we think of a mining operation, especially open-pit mining, we think of the mine shaft and its surrounding area as ugly. However, even where you have other types of mining, and they have something to do with mine tailings, it is certainly not what you would invite tourists to see.

Mr. Taylor: Look at Sudbury.

Hon. Mr. Bradley: Having been born in the city of Sudbury, I should tell the member for Prince Edward-Lennox I am familiar with the many natural beauties of the area—

Mr. Chairman: However.

Hon. Mr. Bradley: —but one of them is not mine tailings.

Mr. Chairman: Meanwhile, back at Kam-Kotia Mines Ltd.

Hon. Mr. Bradley: I am sorry. I did not mean to wander off the topic, because I know it is a matter of pressing concern.

Mr. Chairman: Since the members of the committee have not had the advantage that the chair has had, to walk the Kam-Kotia Mines site and see that devastation, I wonder if I could ask a question on their behalf.

Hon. Mr. Bradley: The committee could go there as part of the estimates.

Mr. Chairman: Why the hell is it going to take 10 years to clean up that God-awful mess? That is the question, because that is what the ministry is telling us: there is a 10-year program to clean up that mess.

Mr. Ramsay: Is that what the Ministry of Natural Resources is saying?

Mr. Chairman: Yes.

Hon. Mr. Bradley: I will be happy to make representations on your behalf to the Ministry of Natural Resources to see if there is a manner in which we could obtain the necessary funding and have technical work proceed at an accelerated rate that would not involve 10 years.

I know the member's impatience is based on the fact that little has been done to solve the problem, and that, to his mind, it is likely to take a good deal of time. I would be happy to make those representations to the minister.

How does the federal government come into this one? Is there not some native land or something like that?

Mr. Pierce: Mr. Chairman, I suggest you accept the invitation of the minister. Let him wear a backpack and walk the site, and we will see him in the fall.

Hon. Mr. Bradley: I would be pleased to have the committee go there as part of the estimates.

Mr. Pierce: I think the minister should visit it himself.

Mr. Taylor: There are not enough hours left in estimates to do that.

Mrs. Grier: I have further questions on Kam-Kotia. If I still have the floor, I have a supplementary on that.

Mr. Taylor: Define the problem. Is it partially cosmetic or is it all environmental?

Mrs. Grier: It is water.

Mr. Taylor: No, it is acid drainage.

Hon. Mr. Bradley: Perhaps Dennis could outline precisely what the problem is.

Mr. Chairman: Please be brief, however, because Mrs. Grier has other questions.

Mr. Caplice: As the member for Prince Edward-Lennox (Mr. Taylor) has said, acid drainage has the primary impact on the water-course itself. There is aesthetics, which you can see quite clearly as you walk through or fly over, and there is the suspended material that runs off because the area lacks vegetation. There is deterioration of dams, acidic runoff and the general matter of planting and how to get growth re-established there.

It is not an unusual problem for the north. A lot of mines have closed. However, when acidic waters are mixed in with it, you get severe water quality impairment.

5:10 p.m.

Mrs. Grier: I want to touch on recycling, the appropriations for grants to promote recycling, and what the minister might tell us about progress towards encouraging municipalities. He touched on it briefly in the answers to questions from the member for St. George. Could you give me a timetable of when we might see an extensive, province-wide recycling program?

Hon. Mr. Bradley: As you are likely aware, considerably more money than before was to be pumped into recycling as a result of the regulation on pop containers, both by the provincial government and private sources. We hope money will flow from those private sources. I know our commitment has increased significantly and Ron Gotts, the director of the waste management branch, will provide you with further information in this regard.

Mr. Gotts: In May of this year we announced a revision to a recycling support program that had existed for three years in a somewhat experimen-

tal vein, although it was large-scale. The previous program had a budget of about \$750,000 which was essentially direct transfer to corporations, municipalities, or volunteer organizations that carry out multi-material recycling.

The program has been expanded to a total budget of about \$2 million and provides funding in a number of areas. The previous program funded operating deficits in terms of the startup of these new programs and extended over three years. In addition to funding operating deficits on a scaled basis, the new program is available over a five-year period. It will provide funds for capital needs, promotion, educational programs and curbside containers which, when used, greatly increase the participation rates.

The program is substantially expanded over last year. We are getting positive response. We just approved and advised Ottawa-Carleton, Nepean and Gloucester of the availability of a grant and I believe they intend to commence operation in September. Since it is a fairly major centre, this will be a boost in terms of population served by a curbside program. We continue to fund about eight or 10 programs we were funding before. We are aware of several other municipalities that have expressed an interest and we expect applications shortly.

In addition to the direct involvement of the branch and the ministry in funding a multi-material recycling support, the soft drink container regulation was aimed at one of recycling nonrefillable containers. Although I do not know the details, I am aware that through the recycling advisory committee, and particularly the sub-committee on recycling, the private sector has targets to meet within a three-year period on recycling. This is in addition to looking at ways of providing financial and other support to enhance this program. In the near future, our job will be to make sure that we work closely with their program once the details become known so that we are compatible and not duplicating effort.

Mrs. Grier: Is the extra \$2 million you say you are spending this year under the whole section on waste management?

Mr. Gotts: Yes.

Mrs. Grier: I do not see any increase in that vote. In fact, there is a slight decrease over last year's estimates.

Hon. Mr. Bradley: André Castel is joining Ron Gotts at the table.

Mr. Castel: In examining the priorities for the budget of 1986-1987, several components have been identified. A number of them reflect

increased expenditures over the previous year. For example, in the area of management of municipal wastes we will be spending \$2.2 million. In management of special wastes, such as the manifest and generator registration systems, the development of regulations and guidelines, we are spending in excess of \$3 million.

In the area of the sewage sludge program, \$80,000; for the source separation, as my colleague Ron Gotts mentioned, \$2.7 million; for our resource recovery plant we have \$4.7 million; the review of the environmental assessment submissions, \$108,000; and finally, for the hazardous waste listing advisory committee and the recycling advisory committee, \$585,000.

This gives us a total of approximately \$13.6 million, which is in excess of the actual amount spent last year, which was \$9.8 million.

Mrs. Grier: Thank you. There is one final topic I would like to touch on. I touched on it informally with the staff the first day, but I would like to put it on the record. If you turn to the organization chart that was in our briefing books, I notice there is an affirmative action office listed in the bottom right-hand corner. Could the minister perhaps explain the affirmative action activities within the ministry and point out to me on this organization chart how many of the people named are female?

Hon. Mr. Bradley: Is this your field, André, or Geoff Higham? I would be happy to receive some assistance in answering that question.

Mr. Higham: I missed the first part of the question.

Mrs. Grier: In the organization chart, I notice there is an affirmative action office. I want you to tell me briefly what its activities are. When I see the people named on this organization chart I assume they are essentially top managers within the department. How many of them are female?

Mr. Higham: We have one acting director within the ministry who is female. We have a number of women who are at the manager level but not currently at the director level.

Mrs. Grier: I see. What activities are you engaged in as part of the affirmative action office to make sure that situation changes?

Mr. Higham: We have had a variety of things occur in the past year and we have plans for this year. For example, we have developed a career development centre in which our ministry acts in a lead role with people from other ministries participating.

Customarily, we would have a dozen women from different ministries, including our own,

attending a one-week career development workshop with professional monitors and advisers from other parts of the government. It provides a series of seminars and tests to determine the opportunity for advancement of the women who were selected by their managers to attend the workshop.

It helps them identify the areas where improvements are needed and identifies the type of training programs that may need to be developed on a generic basis because it applies to many of the people in the group. In some cases, it is more personalized and it helps us, and the other ministries participating, identify for the individual what exposure she requires—program management skills, personnel development activities or a variety of things such as those.

That session lasts a week. There are feedback sessions conducted afterwards with the participants with the objective of ensuring, as much as we can, that the organizations they come from are co-operating in the further development of those women and dealing with the needs that have been identified during that week's workshop.

Mrs. Grier: What is the complement of the affirmative action office?

Mr. Higham: There are two people.

Mrs. Grier: Thank you very much.

5:20 p.m.

Mr. McLeod: Until very recently, we had two women in directors' positions that would have shown on the organization chart. Both of them have received promotions.

Our former communications director has become communications director at the Ministry of Health, which is a promotion, perhaps, in that it is a larger ministry. As well, the director of the environmental assessment branch has recently received a promotion and gone to the Cabinet Office. She now serves as the executive co-ordinator for the cabinet committee on economic policy.

Those two director's positions, along with other positions, are currently vacant. There will be competitions very soon to fill all those positions. It is our expectation and hope that qualified women will participate in those competitions.

Hon. Mr. Bradley: As well, in terms of the more technical jobs, there is one encouraging factor we are now seeing. If you go to high school graduations, as some of us do from time to time, you will notice a significant number of young women going into engineering and other scientific

ic and technical fields. You just did not see this before. I expect that as these people come out of university, and some of them are already coming out of university—

Mrs. Grier: They have been coming out for five or 10 years.

Hon. Mr. Bradley: I agree, but they are coming out in even greater numbers now. We are going to see those people in positions where they have not been in the past, and probably were not invited to be. Qualified engineers, for instance, were not there in large numbers. I believe most firms and branches of government, particularly those with affirmative action programs, would be delighted to have women in those fields hired and made a significant part of the programs.

Our school system and the general attitude of society have changed. That is going to be helpful. I am delighted that the Ministry of the Environment has produced people in significantly high positions who have gone on to areas of promotion. We hope to continue to do that.

Mr. Chairman: Are there any other comments or questions on vote 1801?

Mr. Stevenson: I have some questions that might as well be asked now, as opposed to being asked along the way.

My first quick question relates to the disposal of onions. In the House you suggested you were going to get back to me on that, and you have not.

Hon. Mr. Bradley: I knew you would be here in estimates.

Mr. Stevenson: Since we have had no more press releases such as this, I assume the problem has been solved. Is that correct?

Hon. Mr. Bradley: First of all, I appreciate the member colourfully bringing this to my attention. It is really a measure of how many people watch the proceedings of the House on TVOntario that so many people saw me get the bag of onions from you that day. I probably got more comments on that from the average television viewer than I did on any other environmental question asked of me. You will want to know that you did have a personal impact.

After you brought that to my attention, I wanted to make sure we had an answer here in estimates as to why they would not receive onions. There were some conflicting reports on whether they are considered industrial waste. Perhaps Ron Gotts could help us out with this, along with Dennis Caplice and Jim Merritt. I made good use of the onions. Jim Merritt or Ron Gotts may have an answer now.

Mr. Gotts: I can speak to it generically first. I know there was a suggestion that these onions were refused at a landfill site because someone had identified them as being hazardous waste. Since our branch is responsible for the definition of "hazardous waste," I can assure you that at no time did we interpret it to mean that onions were hazardous waste. As a point of levity, I must admit thinking that, had we followed the four Rs program of reduction, re-use, recycling and recovery, we might have been able to make a useful tear-gas or something like that. However, we did not do that.

My understanding is that you have a large quantity of material—it could be onions or it could be virtually anything from a commercial, agricultural or industrial operation—that may impact on the capacity of a given waste disposal operation. It may be operated by a municipality or a private sector company which has nothing to do with the generation of the onions.

That site owner-operator has certain capability to decide what he accepts into his landfill and what he does not accept. I understand that in this case the quantities were such that there was concern by the site owner-operator that this would utilize capacity of the site that was earmarked for something else. It was not refused on the basis of being defined as a hazardous waste.

Mr. Stevenson: The term on the street was "industrial waste" as opposed to hazardous waste.

Mr. Gotts: Most landfills handle some industrial waste, in the general term; in other words, waste of industrial or commercial origin. It may be of very similar character to residential garbage, in terms of paper, pallets, wood, debris, demolition material and things of that nature. There is nothing in the legislation declaring that because it is industrial it cannot go to a municipal landfill.

Again, the owner-operator, in coming forth with an application for a certificate of approval, is identifying in that certificate the types of waste he intends to handle. He designs his facility around that. For example, if you had an approval of a landfill that was aimed at serving a given population over a certain time, you presumably would not want to fill it up with onions in week one or with any other debris you had not contemplated at the time.

Mr. Stevenson: What happens if a farmer, living relatively close to this site, agrees to take a few hundred tons of waste onions, spreads them on the field and then other neighbours start

complaining about the odour? How do you deal with that?

Mr. Gotts: You have to deal with that on a case-by-case basis. Onions, as a byproduct of agriculture, as I recollect, are exempt from part V of the Environmental Protection Act. Those wastes are not defined as wastes under part V of the EPA. I expect you would apply some reasonable practices. If they are being piled on the field and allowed to decompose and become putrescible, then you may have a problem. Similarly, if you mismanage applying other organic materials on the land, whether it is manure or whatever, you can create problems such as odours and so on.

In a given circumstance, and I am not familiar with the one you might be referring to, you may say, "You can put it on the land, but it has to be ploughed in within a certain period." Under those conditions, it may be a useful application to the land in terms of soil conditioning. It is organic material which came from the land in the first place. If you have a localized problem you have to know a little more about proximity of houses, and so on, to know how you would solve it.

Mr. Stevenson: I am curious. Are you saying you have had no complaints this year from a nonfarmer about disposal of onions on farms?

Mr. Merritt: No such complaints have been brought to our attention. There may be complaints that have come into the individual district offices, but we have not heard of any concerning onions.

Hon. Mr. Bradley: Where were the complaints? Were they actually complaints registered with the district office, Ross?

Mr. Stevenson: I had reports that they had been registered. I have no way of knowing whether that actually occurred.

Hon. Mr. Bradley: Or who they might have complained to directly. That is another problem.

Mr. Stevenson: As far as you are concerned in this report, one packer was stuck with 200,000 pounds of onions each week, not knowing what to do with them. In this situation, the nearest landfill site would not take them and they were unwilling to pay the cost to truck them to one that would.

5:30 p.m.

Mr. Merritt: Our regional staff have been working with that company to find a suitable alternative disposal location for them. One of the options, as Mr. Gotts pointed out, was to find agricultural land that could accept this type of waste if the conditions were suitable. The land

owner was looking for something that would be suitable for soil conditioning, because this product is a very good soil conditioner. That would be a reasonable solution to the problem. I have not heard whether they have found such a site.

Mr. Stevenson: How do you decide whether a site is satisfactory? Do you use something in the guidelines dealing with livestock manure?

Mr. Gotts: As long as there is enough land to deal with the quantity of onions involved, either you are isolated enough and not causing problems in terms of odours or you take some other approach to make sure those problems were minimized, such as ploughing in, discing in or whatever. You arrive at it on a case-by-case basis.

The problem is unique enough that we do not have regulations or guidelines telling us how to dispose of onions, but they are not unlike many organic materials to which you could apply reasonable judgement in terms of protecting the environs from any nuisance problems. The only problem I can think of is the odour of rotting vegetation that was not properly handled.

Mr. Stevenson: I suspect the problem is not going to be that unique, because it appears that the West Gwillimbury landfill site is not going to take them in the future. Of course, as we progress from harvest to harvest the amount of cullable onions increases steadily with the time of storage, and the cost of trucking to one particular landfill site must be almost equal to the initial cost of the onions.

Margins being what they are in any part of agriculture, in the vegetable packing area, clearly, some inexpensive way of dealing with the problem on an ongoing, year-by-year basis will have to be found.

Mr. Gotts: That type of situation can arise. If the owner of these onions, from a waste management perspective, anticipates having them in large quantities during a period of time, we will entertain some options from him on what he wants to do. In other words, there is nothing to prevent him from becoming an applicant for his own disposal site, assuming he has land or access to land in the vicinity. That may be the preferred option because of trucking costs. Alternatively, he can arrange with appropriate farms to dispose of them.

Like any waste generator, he obviously does not see himself in the business of generating waste. This is a quirk of the business he is in. As the waste generator, he becomes primarily responsible for how this is to be managed. I am

sure we will assist him in any way to look at and analyse options he might provide. It sounds to me as though he is not likely to get a reversal of position on municipal landfills, given the quantities you have mentioned.

If that is anticipated in the long term, he may have to look to his own disposal monofill. Not long ago, we read about the glut of potatoes in eastern Ontario markets. They essentially did that. They went through the same approvals process. What they did not give away they ended up digging holes and burying. That is a legitimate response to the problem, but we need to know what is proposed, to make sure it is acceptable.

Hon. Mr. Bradley: Did they not do the same thing in Prince Edward Island when there was a glut of potatoes there? What has been the experience in the past, Mr. Stevenson? Has there been any problem in the past with that?

Mr. Stevenson: In the past most of them just went to the West Gwillimbury landfill site.

Hon. Mr. Bradley: That was back when they felt they had the capacity to take them. That was the real question. After you asked the question in the House I went over and chatted with you. The question was whether they were prevented from coming in because they were an industrial waste or because of the great volumes, as was suggested by my ministry. That is what it really boiled down to. I was curious about that, so I am pleased that the director of our waste management branch was able to clarify that and satisfy you in his answer.

Mr. Stevenson: Going on to a different subject, this is the matter of toxicology: how many chemicals or groups of chemicals are we currently monitoring in Ontario's water supplies, either as a ministry or as private sector groups?

Hon. Mr. Bradley: In the water supplies themselves there are an expanded number. We will be monitoring even more as a result of the municipal-industrial strategy for abatement. Peter Crabtree will give us a more specific answer on the precise up-to-date number of contaminants and substances we are monitoring now in our drinking water surveillance program.

Mr. Crabtree: Under DWSP we are monitoring 139 parameters.

Mr. Stevenson: How many of those do you know or believe to be on the increase? How many do you think are staying even? How many do you think are decreasing? How many do you not know which way they are going?

Mr. Crabtree: This program has now been under way for a little less than a year. We are

finding that a proportion, something of the order of about one third of them, will appear at various times at low levels. I am referring now to what I call the organics, the pesticides, as compared with the more conventional parameters that are also included in that 139. Of those, where they are appearing, they are always assessed against the existing guidelines we have for those parameters.

There have been no cases where those guidelines have been exceeded. I do not have the information to give you trends at the moment, because the program has not been going long enough for us to determine in any statistical way either the general upward or downward movement of any one of those parameters.

Mr. Stevenson: Are there any parameters that have been dealt with in sufficient accuracy over a sufficient length of time to make any trend statements on them?

Mr. Crabtree: It would be more applicable in the ambient monitoring area than it would be under the drinking water surveillance program. In the ambient monitoring area, for example, we have records that go back 10 years and more for some of those parameters. They do indicate a decrease in levels of such parameters as mirex and DDT, which were banned some years ago. From samplings in sediments, fish, and in appropriate cases, water as well, there have been indications that some of those have decreased.

In particular, I am thinking of such parameters as polychlorinated biphenyls and mirex which show significant decreases from the early 1970s, when they were first measured, up to the 1980 period. In the early 1980s, there was a levelling off of that decreasing trend. Now it is holding steady at a fairly even level. Yes, there have been indications that parameters do decrease where specific actions have been taken.

5:40 p.m.

Hon. Mr. Bradley: One of the factors we must always look at is that the type of measurement we have today becomes more sophisticated almost on a yearly basis. Our ability to detect the parts per quadrillion in the last couple of years has been enhanced considerably. In one way, I suppose it is hard to tell whether they are showing up more, or whether we are just able to detect more of them because of our instruments.

It is one of the dilemmas we face. I have heard many people out there who do not believe in all the environmental problems seen by those of us in the Legislature. They tell us that if we just

crank down our machines one magnitude, we will not find any of these problems.

As we improve our measurement ability, which we should always be striving to do, we tend to detect more of these substances. As Peter has said, we see changes coming in ambient waters in both my area and yours. We might find a measurement, particularly in the Niagara River area, that changes.

In the St. Clair River area, they have seen changes when testing the fish and little organisms. I believe they use clams very often. That is where we are able to detect it. In some cases, they go down and then level off, and they may even come up a bit. This indicates that in some cases, either an ongoing point source or a nonpoint source is leaking.

Mr. Stevenson: Do you have any stored samples of some years ago that you can go back to and test for some of the things you are looking at today—be this water, fish or whatever?

Mr. Crabtree: Samples are stored for a period of time, but not on the time scale you are thinking of. Generally speaking, we probably would not go back further than a year. In some cases, samples are not kept more than a matter of a few days. It really depends on what parameters are being referred to.

There are very persistent parameters which do not break down, such as those that may be in fish flesh. These could probably be kept for a year and retested. However, it gets a little dubious, after a period of time, as to whether the results one is getting are telling the true story.

Mr. Stevenson: How much money are you spending right now on monitoring water? I am talking about the chemical analyses and everything in the water area, and the same on the food supply.

Mr. Crabtree: The budget for the drinking water surveillance program, which will be applied to 35 plants by the time it is fully implemented in this fiscal year, will be \$500,000. That does not include the routine sampling of plants across the province for conventional parameters.

Mr. Stevenson: What about the monitoring being done on the Great Lakes, and so on? Is that included in this \$500,000?

Mr. Crabtree: No, I was referring to drinking water, sampling it, and so on.

Mr. Stevenson: Do you have any idea what the total value of all programs in the ministry is?

Mr. Crabtree: I can give you the figure for the surveillance work carried out under the Great

Lakes program, in conjunction with the federal government under the Canada-Ontario agreement. That figure is \$3.2 million for the current fiscal year, on a shared basis with the federal government.

That work is supplemented by programs internal to the ministry, not cost-shared, within the water resources branch. That work all relates to Great Lakes monitoring, ambient monitoring of various types, in addition to the drinking water monitoring I mentioned a moment ago.

Hon. Mr. Bradley: We should also tell the member that one of the problems we have encountered, with the increased sensitivity to environmental issues and our ability to test at greater magnitudes, is simply lab capacity. For that reason, \$5 million was included in the budget for additional lab work. In addition, about \$15 million appears in the Ministry of Government Services for the purpose of lab work.

You remember when we looked at fish up in the Kenora-Rainy River area. A constant problem is that when the next crisis comes up, which is usually dioxin, one starts to bump priorities. Our labs were going literally 24 hours a day, seven days a week, on some occasions to keep up testing for what we wanted. We had to farm out some of the work to other labs.

One of the real problems we identified was simply doing the job. The lab capacity was not there. That is why our budget was increased by about \$5 million, and that of Government Services \$15 million. The Ministry of Agriculture and Food also received an increase.

I told the press, and other people, that the municipal-industrial strategy for abatement program I announced in the House last week was literally a creator of jobs. Cabinet ministers cannot do that, but if I were in the private sector and had money to invest in Ontario, private labs would be a good investment. I envisage from the MISA program that we are going to see far more of this testing going on.

Our labs would not be able to handle it alone. Even if the private sector were to go into operation today, just like that, it would not be able to handle it. A lot of them will gear up, but they would not do so unless they knew we had a program which was going to produce those kinds of jobs. I hope that others will benefit from our experience; we will certainly get ideas from other areas as well.

I do not think all the good ideas start in Ontario or in the United States. There is a good exchange of those. However, I would tell the member for Durham-York (Mr. Stevenson) that one of the

real problems has been lab capacity. I believe we are moving quickly to solve that, as well as getting some assistance from the private sector.

Mrs. Grier: Mr. Chairman, may I ask a supplementary on the question of the labs?

Can the minister tell us what the increase he has identified represents? He says \$5 million; I was looking at a figure of about \$6 million. How much of that represents new people, and how many? How much is going to be contracted out? When are you gearing up for that?

Hon. Mr. Bradley: André Castel could probably tell us that.

Mr. Castel: We have an increase of \$5.1 million, mainly for organics testing and for increasing our capability in the organics field. Part of this funding is for staff training, and the last portion of it is for privatization of routine tests. Approximately \$2 million is estimated for private labs, and there is a certain amount of money for the purchase of equipment.

I believe we have 12 additional staff members—I am just quoting a figure from memory.

Mrs. Grier: When you say privatization, work that is now being done in-house is going to be contracted out.

Mr. Castel: Routine testing now being done in-house will be privatized, contracted out, so that we can use the staff after training to do the organics work and the type of work that cannot be easily privatized.

Mrs. Grier: But you anticipate taking on only 12 new people.

Mr. Castel: These 12 people will be at the scientific level. They are senior people, scientists, whom we would recruit for our organics work.

Hon. Mr. Bradley: Perhaps you could tell us, for Mrs. Grier's benefit, how does the other work go, as far as Government Services is concerned? What does it do with its money? How does that fit in? That does not show up in our budget, but it shows up in that of Government Services.

Mr. Castel: Most of the money that is in Government Services is for additional space and lab facilities.

Mrs. Grier: And where will the people come from to staff those additional facilities?

Mr. Castel: The 12 people will be recruited through advertisements across Ontario.

Mrs. Grier: Government Services is spending \$15 million on new facilities. You will need more than 12 people to staff them, will you not?

Mr. Caplice: Some of that is modification of existing facilities.

Mr. Castel: That is right; 15 additional staff members are being provided for extended laboratory services and facilities, so part of it is for new facilities coming onstream.

Mrs. Grier: We were talking about the beaches earlier. The testing of water at the beaches, which used to be done by your ministry, is now being done by the Ministry of Health, is it not?

Mr. Castel: Certain tests are being done by the Ministry of Health. That is correct.

Mrs. Grier: Are you doing a great deal more laboratory work than you were before? With privatization, and passing some of it off to the Ministry of Health, how much extra are you doing?

5:50 p.m.

Mr. Castel: There is a large increase in the number of samples being done by the lab, and the number of tests being conducted. I do not have the exact numbers, but it is a very large increase.

Mr. Caplice: And in the complexity.

Mr. Castel: Both in complexity and in numbers.

Hon. Mr. Bradley: The deputy minister has mentioned to me as well that the work being farmed out—that is the term we use—to the private sector is often routine. It is more labour-intensive but does not require the same level of skill in terms of senior scientists dealing with it. We want to concentrate on the high-priority and most difficult kind of work within our labs.

We also receive co-operation from Environment Canada and the Department of National Health and Welfare. Health and Welfare Canada was extremely helpful to us in the St. Clair River area when were doing very extensive monitoring down there. They have the same sophisticated equipment we have. It is called high resonance—

Interjection: High resolution.

Hon. Mr. Bradley: That is what it is called. They have that. They were very helpful to us. They have their priorities as well. I commend the federal minister for being of some assistance to us when we required that assistance. There is good co-operation among the federal and provincial environment ministries and the Department of National Health and Welfare in that regard. We will continue to work towards that.

Ms. Grier: How much will this new funding for enhanced laboratory services reduce the

turnaround time, the time between taking a sample and having the results?

Hon. Mr. Bradley: I do not know that it will. I will get my technical experts to speak to it. Perhaps I am going out on a limb before they speak, but my guess is—how is that for a start?—

Mrs. Grier: That is certainly hedging your bets.

Hon. Mr. Bradley: —that with the increased work we have, we may not see as rapid a turnaround as you think. We are getting an increased volume of work. David Balsillie will tell you what the actual situation is.

Dr. Balsillie: You explained it very well, Minister. With the municipal-industry strategy for abatement program and with the increase to 139 chemicals in the drinking water surveillance and assessment program, we are looking for the first time at a wide spectrum of organic chemicals. We need very sophisticated instrumentation, such as gas chromatography and mass spectroscopy, to identify individual chemicals from a soup mix of a large number of chemicals. We will be processing more samples through the increased laboratory facilities.

Our aim, of course, is always to decrease the throughput time, at the same time handling maximum numbers of samples and, in addition, increasing our quality control/quality assurance program to make sure that the numbers are correct. The new facility will increase our capacity. We hope it will decrease the throughput time.

In terms of the regular monitoring program, the results will come out on a routine basis. Where we have an emergency situation or a spill or something of that nature, we will have the capacity through extra work to produce results very quickly in order that the ministry might react.

Hon. Mr. Bradley: When we get a large volume of fish, we can deal with it in the turnaround time. I have gone on a tour of the lab. I am the minister so I did, as one would expect. I found it very interesting to see exactly what we do in the lab. I used to ask why it took so long to analyse these samples? As I went through the lab, they went through the step-by-step process of exactly what must be done and how precise it must be. I even had to wear a cape and everything so that I did not get contaminated with the stuff in there. It was a rather fascinating experience to go through the lab.

If anyone is interested at any time even though we are all busy and have our schedules, you are

welcome to visit. I thought that would be a good use of estimates time, but somehow the critics did not agree with that. I know the other members of the committee probably thought it was a good idea, but the critics thought we could spend our time better.

Mrs. Grier: The minister suggested it a few times and we turned it down every time.

Hon. Mr. Bradley: I remember when I was the Ministry of Correctional Services critic, Gord Walker had us go through the provincial prisons. We found that a fascinating, revealing and interesting experience. I cannot understand the reluctance of the critics to do that.

Mrs. Grier: We will be happy to go when we have finished the estimates.

Dr. Balsillie: The lab is planning an open house in October, when full tours, information, etc., will be available to those wishing to avail themselves at that time or at any time. Mr. Ronan, the director of the lab, is pleased to entertain visitors and does so regularly. The lab is known for its international quality.

Mr. Grier: Is it at Resources Road?

Dr. Balsillie: The Resources Road facility.

Mr. Stevenson: I am still somewhat confused on this \$5.1 million in your budget, as opposed to the \$15 million in the Government Services budget. Could somebody clarify that?

Dr. Balsillie: The Government Services budget is for building and upgrading. The west wing of that building used to house the water pollution control branch, which is no longer there. It had great open spaces, garages and areas downstairs. Therefore, renovations, physical changes such as installing the ventilation system, and building the new dioxin laboratory, etc., need to be done. The money is in the Ministry of Government Services budget to do that; to get the architect to do the drawings and take it through Management Board of Cabinet, which we have now done. Our people are working with the Ministry of Government Services to build that complex.

Mr. Stevenson: Okay. Part of the \$5.1 million is also for facilities.

Dr. Balsillie: No, that is for the actual equipment we would put in. To buy one high resolution mass spectrometer would cost in the neighbourhood of \$500,000.

Mr. Stevenson: Things like fume hoods are paid for by Government Services and gadgets that might go in the fume hood are paid for by the Ministry of the Environment.

Dr. Balsillie: That is correct.

Mr. Stevenson: It is all called facilities.

Dr. Balsillie: We refer to the gadgets—as you call them—as the actual equipment as opposed to the physical plant.

Mr. Stevenson: I would, too, though I am not sure why. I wonder why some of these appear in the statement. I trust what you are saying. I just do not always know where some of these magical numbers come from when they appear from other people. That is the only thing I am trying to get clarified.

Dr. Balsillie: I will not touch that one.

Mr. Stevenson: I did not expect you would.

Hon. Mr. Bradley: The acting chairman is looking on in disbelief.

Mr. Stevenson: How much will it cost to build the toxicology centre?

Hon. Mr. Bradley: Varying estimates have come in for the Canadian Centre for Toxicology. The highest estimate I heard, as you may recall at the beginning of estimates, was somewhere around \$32 million, when the original ideas, bricks, mortar, equipment and so on, were discussed. That has apparently been scaled down recently. We appear to be interested in going ahead.

Former Premier Davis indicated considerable interest in this in partnership with the federal government and the federal government appeared to be giving it a green light. Mr. Davis was giving it a green light on the part of the province when all of a sudden the financial rug was pulled out when the federal government looked at its deficit picture and decided one of items from which it would withdraw its financial support was the Canadian Centre for Toxicology. André Castel is familiar with the precise figures and how they have gone up and down.

6 p.m.

Mr. Castel: As a result of the withdrawal of the federal funding, the latest estimate received for the Canadian Centre for Toxicology is approximately \$31.7 million. This amount was to support all the activities of the centre, research and training, exclusive of the construction of new buildings. It removed the construction of new buildings as a result of the federal government's withdrawal of funding. It is still expecting or hoping to receive \$8.9 million each from both the provincial and federal governments, and \$4.3 million from industry, for a total of \$22.1 million.

In addition, they would expect to collect \$9.6 million from the universities of Toronto and Guelph, fees for professional services and grants for contracts in various areas, including the Ministry of the Environment. That would make the total \$31.7 million, which is reduced from the original estimate of approximately \$50 million. That included the building of facilities.

The reason for this is that the federal government said it would be prepared to invest in research, but not in bricks and mortar.

Mr. Stevenson: Is that \$31.7 million an annual operating budget?

Mr. Castel: That is an operating budget. The facilities would be provided by the universities of Guelph and Toronto. At present, they will not build the facilities they had estimated for at the very beginning, when the federal government was prepared to contribute towards building costs.

Mr. Stevenson: Is the space available in the universities? What do they say about it?

Mr. Castel: There is some space available in the universities, but they would also be renting space rather than building.

Mr. Stevenson: Is your money on the table at the moment?

Hon. Mr. Bradley: It is ready to match the federal money. I have stated publicly on two or three occasions that we are prepared to make our contribution. If we can get the federal money, our money will be there as well and we are prepared to participate. We are not certain what form it will take, because of the changing federal commitment to it.

The next fiscal year for the feds will be interesting to see—now that they have taken away the bricks-and-mortar component of it, which they were reluctant to get into, as André has pointed out. I have certainly indicated a willingness to proceed in that direction if the federal government is prepared to do so. This is all contingent upon cabinet approval, once the final package comes in.

Mr. Castel: This most recent proposal was made to Health and Welfare Canada in February 1986.

Mr. Stevenson: My concern is that we are spending a lot of money, time and so on on monitoring this and monitoring that. I suspect we have not yet reached the point where we are wasting time or money, but it is my perception that we are advancing in our ability to measure far beyond our ability to interpret.

When I see announcements about the municipal-industrial strategy for abatement, although I am sure they make good sense—they certainly make good politics—I wonder whether we are not getting excessively ahead of ourselves in knowing what to do with the numbers when we do collect them.

There are numbers we can deal with, which we can interpret as far as data go, but can we interpret what they really mean to the environment or society? I have some doubt about how much good they are going to be to us. How do you know whether a certain quantity of one product is worse than a certain quantity of another and which of the two problems you should attack first, if there is limited funding? I wonder whether we have the toxicological information necessary to make some of the decisions that are going to have to be made in upcoming years, and whether we have the people trained to make those decisions.

Hon. Mr. Bradley: As citizens of the world, we rely to a certain extent on information from other jurisdictions as well as our own. There is no question about that. In some cases, they rely on the information we have.

To proceed more cautiously and slowly with respect to the municipal-industrial strategy for abatement would invite even further criticism. Our goal in the first stage, the monitoring regulation, is to determine what is going into our waterways at present.

I understand your point: once you have this information, how do you really tell what is permissible? In other words, how much do you abate it? We rely on a number of sources—the US Environmental Protection Agency, the World Health Organization, Environment Canada, Health and Welfare Canada and the Ministry of the Environment—for research purposes.

We have to move very quickly into that field. The agenda is a rapid one, because we want to have an abatement regulation right across the province in these areas within three years, utilizing information we have now and will develop as we go along.

When I announced it, I said it was a dynamic process; that is the jargon they use. I believe “ongoing” is a better word than “dynamic.” As new technology or knowledge becomes available, we are in a position to modify our abatement strategy or even our monitoring regulation.

We rely on one another around the world in this regard, and I am pleased to see the kind of co-operation we now get at international confer-

ences. They are no longer just theoretical conferences. The theoretical people are still there, but a lot of practical people are there as well.

I was at the large lakes conference on Mackinac Island, Michigan, for a day. Bob Welch, who is on the International Joint Commission, was there, as well as others. Ontario was well represented. The sharing of information from papers presented was helpful to all of us.

With respect to the toxicology centre itself, the deputy will indicate to you that one of the problems is defining precisely what you want out of a toxicology centre. Do you want something purely academic and research oriented at that price? That is what the federal government looks at as well. Are you hoping it could respond on relatively short notice to some of the needs that arise? That is a dilemma when you put so much money into a research centre. That is where the discussions come down. Rod, do you want to elaborate on it?

Mr. McLeod: You have stated one of the issues, Minister. In a university setting, whether it is described as a centre rather than a department or faculty, there is an obvious need for a degree of academic independence. Yet, with significant government funding, there may well be legitimate, sometimes crisis-generated requirements to respond to a completely nonpartisan political or governmental requirement for the dedication of resources to a particular line of work.

It may sometimes be difficult for those in the academic community to find the appropriate balance between those two competing interests. Quite apart from funding, there is still a question on the table of precisely how that issue would be resolved in the format and organization of the centre.

Second, there is the question that has been alluded to, obviously that of federal government participation. André and others can perhaps help me here, but in the light of activity in other provinces—principally Quebec and Saskatchewan—there is still some question as to the extent to which the federal government wants to become involved.

I am not doing anything more than simply raising issues—in other words, not providing answers—but those are matters that have to be attended to.

6:10 p.m.

Mr. Stevenson: I am aware of those issues. Getting back to what the minister says, I am not suggesting that thrusts such as those in MISA should be slowed down. I suggest you become

more proactive in toxicology to even stay in the shadows of what you are doing in measurement and monitoring, so that when you need the information you are equipped to deal with it.

In toxicology, I accept that you are relying on information from other parts of the world. When we were discussing registering or licensing chemicals, in certain areas of toxicology there is climatically or environmentally sensitive data that almost has to be collected under a climatic situation of our own. That sort of information may not be available from other parts of the world. If we are not getting it here, who will provide it?

Hon. Mr. Bradley: Walter Giles could perhaps elaborate on some interesting initiatives at the national-provincial level at the Canadian Council of Resource and Environment Ministers. I think there is an updated report on that, is there not?

Mr. Giles: Yes. There is interest and activity throughout the provinces and the federal government in this general area, including risk analysis and standard-setting. We should not leave the impression that nothing is happening in this field. There is considerable research going on in the general field of toxicology through our research advisory committee allocations, and André could spell those out for us. In addition, there is work at the centre itself, small as it may be at the present time. It has some staff doing work requested by either government agencies or industry. Ivy Wile is perhaps in a position to describe it, if you would like that kind of detail.

Mr. Castel: The ministry is supporting 19 toxicological projects totalling \$1.4 million. These are being performed by seven universities and three consulting firms. Mr. Balsillie could elaborate on these studies.

Dr. Balsillie: We have made a list of those 19 projects, which include: Uptake, Distribution and Clearance of Soluble Aerosols in the Human Respiratory System; Monitoring Environmental Genotoxicity using Sister Chromatid Exchanges in Mice; Biological Indicator System to Identify Genotoxicity of In-place Pollutants, and the list reads in that vein. York University, University of Windsor, IEC Beak Consultants Ltd., University of Toronto and Integrated Explorations are among those engaged in the projects. We receive applications or unsolicited proposals through the research advisory committee from people across this province with capabilities in toxicology.

They are peer-reviewed; we send them out to knowledgeable people. Having satisfied ourselves that these toxicological studies have merit,

that they will provide information and ultimately assist us with standard-setting, we provide the money in either one-year, two-year or three-year lots. There is an ongoing amount of money in the research advisory committee because we have money from lottery funding for environmentally related health research. The ministry has supported this type of research over the years. Every year the technology transfer conference is held, to which people come from across the province and it has become very important in the scale of conferences held in Ontario. The results of this research are presented to the media and anyone who wants to come and hear about it. This information then becomes available to our government and to any other government as it is presented.

Also, staff in Mrs. Wile's branch do the secondary research of trying to pull together toxicological information from other areas in order to assist in complex standard-setting processes. Mrs. Wile can elaborate on this.

Mrs. Wile: Just to follow up on what Dr. Balsillie said, the information on long-term animal studies is largely obtained through universities and various centres in the United States. All that information is used in developing standards. For dioxin, for example, we review all available toxicology information using a multi-disciplinary team approach.

We also have various contracts with the Canadian Centre for Toxicology. A minimal staff currently has somewhere in the realm of \$250,000 in contracts. They work on various things, such as ethyl carbonate in wine. They are acting as expert advisers in developing a priority list of contaminants. They have done work on the mutagenicity of drinking water for us and Health and Welfare Canada.

They are doing some work for the Ministry of Agriculture and Food and the Ministry of Labour on the health effects of chemicals on farm workers. They also give our Pesticides Advisory Committee free toxicological advice. There is a fair amount of work being generated.

The primary focus intended for the Canadian Centre for Toxicology—aside from giving us instantaneous information as required on the significance of certain contaminants we may find—was to try to develop more the area of short-term mutagenicity tests, which are significantly less costly and less accurate. If that area of the science can evolve, we can generate information on the toxicology of these compounds faster and at lower costs.

Mr. Stevenson: I will not challenge anything that Ivy has to say. She was a good 1965 Ontario Agricultural College grad. Some very exceptional people came out in that year.

Hon. Mr. Bradley: Some of them made it to the Legislature.

Mr. Stevenson: I did not say I was necessarily one of them. I just said some exceptional people came out in that year.

I know some people on the other side of the issue feel very strongly that there could be more money and an increased focus on toxicology. They wonder about the wisdom of how the money being spent now is proportioned. They think the Ontario government could be more proactive in the area, and if the feds choose not to follow, let the chips fall where they may; let the experts or voters of Canada decide what to do in that situation.

There is some concern about the lack of direction from the government on this issue, and some feeling of frustration out there in seeing obvious needs that are not being addressed in the current allocation of funds and direction of research.

Maybe it is because I am more familiar with biotechnology than with toxicology, but my impression is that there is somewhat more structure to some of the research in biotechnology. My perception is that there has been somewhat of a more recent advancement in biotechnology because of that than there has been in toxicology.

I am not sure the experts would agree, but that is my feeling. I wonder whether we are not wandering in the wilderness on this issue. It needs to be addressed in a very positive and proactive manner.

Hon. Mr. Bradley: There are so many areas to be addressed environmentally in 1986. I appreciate his input, and I get input from those who feel there should be a larger allocation or emphasis in other areas as well. What the public tolerated 10 years ago is different, and our level of knowledge is different. The demands are on virtually every aspect of the ministry as well as issues related to the ministry but not directly under our mandate.

In the context of increasing deficits and taxes around the world, the demands on us to do a lot of things are considerable. Even within that context I still see a lot of support for governments or Legislatures that want to allocate a substantial amount of money to environmental and health concerns. You probably read the same thing as a political representative. Environmental and

health concerns are lumped together. Even with people worrying about deficits or taxes, that support is still there. You bring to our attention the necessity of focusing it where it can be most effective because there will always be limited funds.

I will take what you say about that into consideration, because I know people have presented it to us and said that should be our direction. You will recall as a minister that, on the other hand, you get pulled in 10 different directions of where people think you should allocate the lion's share of your emphasis on money.

6:20 p.m.

Mr. Giles: Could I add one comment? As one who has been involved with this proposal for some time, I can understand and share to a degree the frustration experienced by those trying to establish it. The difficulty is the number of sources of funding they seek and getting that all together and agreed upon. Part of it is the large scale originally envisaged. As we dealt with it, none of us could come to grips with its size and complexity and deal with it as a proposal that could be brought into a manageable scale, at the same time having a clear definition of the centre's role. That has also been changing.

There is not much doubt in the minds of many of us that this is a necessary facility that somehow has to be put together. As you have indicated, if the federal government does not want to get into the game, we have to look at it somewhat differently as a regional facility.

Mr. Stevenson: The funding of this centre is not much different from funding a department at the University of Guelph. You come up with the priorities of research for the area you want, fund it and do it.

Hon. Mr. Bradley: The concern of provincial ministers is that as soon as you allow the federal government to withdraw from areas in which we have contemplated and enjoyed its participation in the past, they are let off the economic hook.

When I was on municipal council, I used to talk about the provincial government like that, and the feds to a certain extent, but we did not have that much to do with them. The same relationship exists between the federal and provincial governments. As soon as you let them off the hook in these things, the pressure rests on the province, which does not have the same financial resources or co-ordinating responsibilities as the federal government.

There are occasions when you have to bite the bullet and proceed in a certain financial direc-

tion. It can be done much better, and I am not revealing anything here even if we can maintain the federal participation of the past.

I understand their deficit problems too. They want to cut deficits wherever they can, although we might quarrel with how they choose to do so. As you point out, that is political choice and judgement. All provincial ministers have a great fear that if you let the feds out of everything, you will be stuck with a huge provincial bill and no financial resources to handle it. It is really a matter of the federal government balancing its books on the back of the province. The municipalities and others will say we are balancing our books on their backs, and so it goes down the line.

I like to keep the pressure on our federal friends to continue their commitment, and I am prepared to praise them when they come up with their money.

Mr. Stevenson: I accept that argument in support of this. Your money is on the table. There are people trying to obtain funding who are not totally clear that your money is on the table.

Hon. Mr. Bradley: It depends how far you push that money out when you want to see how far the federal money is being pushed out. That is the key to it. Sometimes, the further you push your own bag of money on to the table, the further back the federal money comes. It is a delicate balancing act.

Mr. Stevenson: I am sure it is very delicate.

Mr. Castel: Perhaps I should add that we have so far provided approximately \$560,000 to the Canadian Centre for Toxicology. That is probably its only source of funding, in addition to some of the studies it is undertaking for various client groups.

Hon. Mr. Bradley: In addition, that ever-elusive private sector funding is helpful as well. The private sector benefits immensely from what our universities do. In some cases in the past, and on an ongoing basis, the private sector has been generous in its support of the universities and other programs. I encourage those in the private sector to continue their contribution, and to accelerate it as well. They will find that they benefit, as they have in the past. Ivy, did you want to add to that?

Mrs. Wile: Yes. One of the original difficulties when the centre was first proposed was the lack of industry support. Industry was willing to have the CCT do contract work for it but was not prepared to put money into the general pot that

would provide for capital and basic administrative costs.

There are possible upcoming revisions to the Environmental Contaminants Act that will require a lot more upfront information on any substance that goes into commercial use. I can see some change in the interest of industry in supporting facilities such as the Canadian Centre for Toxicology a lot more extensively than it was prepared to do in the past.

Hon. Mr. Bradley: Perhaps I could encourage my friends the member for Durham-York (Mr. Stevenson) and the member for Rainy River (Mr. Pierce), who perhaps have closer contacts with their federal colleagues in Ottawa, to prevail upon them at the next national convention to provide a little more.

I have a good friend, Joe Reid, the federal Progressive Conservative member for St. Catharines. He and I discuss these matters at great length, and I prevail upon him, but I often feel those of you in the official opposition have a more direct pipeline to the levers of power in Ottawa and could be of immense assistance to us.

I will be the first to stand before Ontario in the House and extol the virtues of those Conservative members who had prevailed upon their federal brothers and sisters to come forward with the necessary funds.

Mr. Stevenson: Aside from all the rhetoric, I hope his money is on the table.

Mr. Chairman: I hate to call this class reunion to an end. Is the committee ready to pass vote 1801?

Mr. Stevenson: I have two other quick questions, which I will address at the start on Monday.

Mr. Chairman: On vote 1801?

Mr. Stevenson: Yes.

Mr. Chairman: All right. We will not pass vote 1801.

Mrs. Grier: Does the committee meet again on Monday?

Mr. Chairman: The committee next meets on Monday. We do not meet tomorrow because of a request of the two opposition critics.

Mrs. Grier: Both I and the member for St. George (Ms. Fish) had asked for a list of hazardous waste disposal sites. From some remarks the minister made last November, I note the ministry had identified and precisely located historic landfill sites in the province and was screening them to begin an extensive waste site evaluation program.

Hon. Mr. Bradley: We will bring those with us on Monday.

Mr. Chairman: Before we adjourn, there are roughly three hours and 15 minutes left in the estimates. If the two opposition parties wish to conclude on Monday, it will be helpful if they let us know, so we can schedule the Ministry of Transportation and Communications estimates

on Wednesday. If not, you are perfectly entitled to use that extra three quarters of an hour next Wednesday as well—as long as we know ahead of time, so we can send notices out and let the MTC people know their estimates start next Wednesday.

The committee adjourned at 6:31 p.m.

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- Pierce, F. J. (Rainy River PC)
- Stevenson, K. R. (Durham-York PC)
- Taylor, J. A. (Prince Edward-Lennox PC)

Witnesses:

From the Ministry of the Environment:

- Bradley, Hon. J. J., Minister of the Environment (St. Catharines L)
- Balsillie, Dr. D., Assistant Deputy Minister, Environmental Services Division
- Crabtree, P. J., Assistant Director, Water Resources Branch
- Caplice, D. P., Assistant Deputy Minister, Operations Division
- Wile, I., Acting Director, Hazardous Contaminants Co-ordination Branch
- Gotts, R. M., Director, Waste Management Branch
- Higham, G. E., Executive Director, Financial and Administrative Services Division
- McLeod, R. M., Deputy Minister
- Merritt, J. V., Operations Co-ordinator
- Giles, J. W., Associate Deputy Minister, Intergovernmental Relations and Strategic Projects Division
- Castel, A., Executive Co-ordinator, Corporate Policy and Planning



No. R-7

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Monday, July 7, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON SOCIAL DEVELOPMENT

Monday, July 7, 1986

The committee met at 4:32 p.m. in committee room 1.

After other business:

4:39 p.m.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

On vote 1801, ministry administration program:

Mr. Stevenson: I have a couple of issues that relate specifically to my riding. We have had some discussion over the past four or five years on Highway 89 in one form or another. The chairman has also expressed some interest in it in the past. A recent article in the local paper stated that the Minister of Transportation and Communications (Mr. Fulton) had written to Eldred King, chairman of York region. Unfortunately, I did not bring a copy of the letter with me. He stated that an environmentally acceptable westerly route north of Bradford was an alternative. Are you aware of where that route might be or of what information the Minister of Transportation and Communications has of an environmentally acceptable route north of Bradford?

Hon. Mr. Bradley: I know he has had discussions with the local municipalities and others. I do not know what route he may be talking about. When he made his decision, he took into consideration all the important factors in relation to the wetlands and the transportation needs of the area that you, as the local member, would want taken into consideration.

As a result of the intensive discussions he had with a number of different people, he wanted to explore the possibility of assisting the local municipalities with their transportation needs while at the same time protecting the environment in a global sense as well as a local sense. You will no doubt want to pursue with him the specific route he is talking about when his estimates begin immediately after the estimates of the Ministry of the Environment.

Mr. Stevenson: Yes, the thought had crossed my mind.

Hon. Mr. Bradley: I thought it might have.

In answer to your question, he took all factors into consideration. I know some people in the

immediate area were opposed to the decision he finally reached while others in the province expressed approval. It is a dilemma of wanting to meet local needs and at the same time wanting to protect the province as a whole. I know you will take advantage of the opportunity to explore this with him.

Are those the old books we used to get?

Ms. Fish: More's the pity for you, no.

Hon. Mr. Bradley: Oh. I thought they were the old ones. They look like what I carry.

Ms. Fish: I have every confidence that the old books were shared with you immediately upon your swearing in.

Mrs. Grier: Sometimes one would think you had never changed.

Mr. Stevenson: My other question relates to the Thane smelter in Georgina. It is a company that I think has been in operation since 1974. It has been a concern for some time. It surprises me in hindsight that in the two years I was parliamentary assistant to the Minister of the Environment I did not receive a phone call or a letter about the smelter. I did not know what the building was at the time. When I got a list of things that have happened over the years, I was not sure why my telephone was not ringing off the wall.

I have an Ontario Ministry of the Environment document from 1983. It states the chronology of events on the smelter from December 1974 including the date of certificate of approval for a furnace that was issued to that company under a different name. It lists the complaints and actions taken until August 19, 1983.

At least one new furnace was put in—there might have been two. There were several plant inspections. There were the fume hoods over the furnace. There were various actions taken on the dust collection system and so on. Complaints kept coming on subsequent dates after these actions were supposedly taken. I would like to know whether the requests made of this company were actually carried out or whether the level of technology at the time was sufficiently low that whatever adjustments were made were inadequate to handle the problems at the time.

Hon. Mr. Bradley: I should mention, in general, that this is a matter that has come to my

attention. In fact, I met with some of the local people to discuss it. When you become Minister of the Environment, or sometimes when you are just a local member, you understand that aluminum smelting is a process that tends to draw much attention to itself. This kind of smelting is difficult to deal with. It has been an ongoing problem. We have wrestled with it for some time, as did the previous administration. Since you asked the staff to bring us up to date on it, I will ask Dennis Caplice whether he or any other staff member would like to elaborate specifically on the question.

Mr. Caplice: Ken Hogg, the district officer for the area, is familiar with the problem.

It became a major problem in June 1985, when it was recognized that the smelter was not performing properly. A very vocal group was organized around that time. It then became a dispute of the financial capacity of the industry to incur major improvements versus the municipality's stance that unless certain guarantees were given as we flowed certificates of approval for these financial expenditures, it was not prepared to issue a building permit.

It has become a local debate that has gone around in circles. In the meantime, we have issued all the control orders and taken the necessary steps to ensure that the current operation is brought into compliance with our regulations to the degree possible without putting it out of business. The major expenditure for the additions to the smelter itself, which would permit it to clean up the yard and get on with reprocessing the material it brought to the site, has yet to be carried out.

Mr. Hogg: The significant thing is that on April 2, 1986, the regional director issued a control order. Mr. Caplice referred to that. It has succeeded in getting the company on a program to submit items to the ministry methodically and regularly as it meets the objectives of the control order.

Stack testing, which the Ontario Research Foundation did for us, began on May 28. We have also financed surveys of the onsite salt slag piles, one in November 1985 and another more recently, in March. That will give us an idea of what is actually happening onsite with respect to those piles, whether they are increasing or decreasing. They will give us an idea of exactly what is onsite when we request that the company start removing from the site any of the waste it generates.

Right now they are putting in a processing mill that will effectively recover the valuable material

from the slag. Some people call it waste. It is a moot point whether it is waste, because it is recoverable material. While we got into a problem last year in relying on the municipality to issue a building permit for the processing mill, the company in its wisdom decided to put up a more temporary building that did not require a municipal building permit. The company actually broke the impasse itself and went ahead with installing the mill. It has almost been completed.

That unsightly salt slag will start to be processed beginning very soon. We have requested a monthly inventory from the company to report to us how much is processed and where it is going.

4:50 p.m.

Mr. Stevenson: I would like to go back a little further than that, however. As I said, it opened in 1974. There were some complaints. In 1977, a certificate of approval was issued for a larger furnace. I expect that was to deal with some of the problems that were seen to be exhibited by the plant.

The MOE again inspected the plant on March 23, 1979; this was after several previous inspections. The hood over the furnace was modified, and dust control for the screening operation was put into place. All these things were at least recommended, or they were told to do them again. Later, more hood changes were recommended, because dust was seen on the road and there had been indications of chloride and fluoride damage to the plant life around there.

There was another inspection on May 14, 1979, because of smoke escaping from the bag house. There was a hole in the front of the furnace, and that was supposed to be corrected. In 1980, a new furnace was put in—there was a certificate of approval for a rotary furnace—and a dust collecting system was put in and checked.

We have continuing problems. I come back to whether the work was done or not? Why are there continuing problems? Was it just that the technology was such and the processes difficult enough that the equipment available could not handle the problems at the time? Why were the same complaints cropping up when corrective action apparently had been ordered and, one would think from the notes, had been taken?

Mr. Hogg: I can answer only to what happened subsequent to my personal involvement in the matter. That began early in 1985, when I was put in charge of it. Also, I think Mr. Caplice alluded to the fact that things really started to move in the summer of 1985. As far as I

am concerned, things have turned around considerably since that time.

You have described a litany of complaints regarding the facility, and I agree with you. I have looked at the file, and I have seen that there was a litany of complaints. The inspection staff was working on the problem, but I think it got away on some of them.

However, I want to emphasize that I, as well as the regional director and Mr. Caplice, have looked at the problem since last summer and walked through every single step of that problem right up to the minister. I do not think there is any comparison between what has been done in the past year on the Thane aluminum smelter and what went on prior to that date.

Mr. Stevenson: I first became aware of the problem in the summer of 1983, when there was a request for a pathological waste incinerator to go in there. That is when I started getting phone calls and letters. Since then, progress seems to have been made. Even at that late date, though, the concern was that an engineering consultant had been brought in during the summer of 1974, I believe it was, to suggest ways to improve the plant. Here is the last entry in the summer of 1983: "The plant is shut down and will remain shut down until corrective work is complete."

Mr. Hogg: That corrective work was done.

Mr. Stevenson: If it was done, I suppose it means that whatever corrective work was suggested then was inadequate to solve the problems at hand.

Mr. Hogg: That is right.

Mr. Stevenson: Would you infer that whatever corrective work had been undertaken in the past was also inadequate?

Mr. Hogg: Yes. I cannot debate the fact that there had been fugitive emissions from that plant on a recurring basis up until last summer. I think there has been a big change since then.

Mr. Stevenson: Since last summer, the big concern has been the very rapid stockpiling of the material from August 1985, I think, to about Christmas. Certainly until November, the trucks were rolling in at an unprecedented rate. I agree with you that while it may not have stopped, at least the rate of accumulation of material on the site seems to have decreased substantially.

Let me get to relatively recent times to save time, so other members can ask questions.

Given the questionable history of this company, I was a little surprised by the wording of the minister's letter of March 5 to council. It states:

"The consequence of your refusal to enter into a site-plan agreement to permit the issuance of a building permit is that the proposed control order would be frustrated by the inability of Thane Developments to comply with critical provisions. The order would, accordingly, not be issued. This would leave us no realistic option but to close our file."

I found that troubling in that everybody up there wants the place to clean up. I suppose the only disagreement is how to attain that. Why was it worded in this fashion? The people up there felt it would have been better to make the company show it could be a good corporate citizen before being allowed to expand.

Hon. Mr. Bradley: The real problem plaguing us was that it was determined at that time that the only solution would be through the issuance of a building permit. The municipality was not prepared to issue one. At that time, ministry officials had indicated that, in terms of the control order, it would provide us with a solution to the problem. On the other hand, for its own purposes, whatever those might have been, the municipality did not want to issue a building permit, which was, in the opinion of ministry officials, the best manner to deal with the problem in a technical sense.

We have put it clearly to the municipality that if it wanted to solve the problem in the best possible manner, it was in its hands. As you know, there were discussions and exchanges of other correspondence between the municipality and me and between ministry officials and the municipality. As Mr. Hogg has indicated, that has provided us with an improved situation over what we were confronted with a year or a year and a half ago.

5 p.m.

Mr. Stevenson: There are two problems there. One is the smelter itself and whether the smelter's mechanical components are sufficiently good to handle the emissions. The other problem is the stockpiling outside and clearing up the site.

I agree that what you are demanding here is part of the problem of cleaning up the site problem, the stockpile problem. Prior to that, though, it would have been wise to make sure the smelter itself was going to function properly, which it had not in the past; many improvements had been made, but obviously none of them had been technically advanced to the point that they were satisfactory.

One would have thought you might have given the local residents and the municipality enough

time to see that the opacity meter worked. I am not sure what else has gone into that building since about Christmas; the changes have been made to the smelter itself. I would have thought you might have given some time to make sure those adjustments worked before you tackled the even larger problem of site cleanup.

Mrs. Grier: Can I ask a supplementary that will perhaps contribute to the answer? What puzzled me about this issue when it came to my attention was the granting of funds from the Ministry of Industry, Trade and Technology, which seemed to be part and parcel of the whole Ministry of the Environment considerations. I have never quite understood where the funding was coming from. Was it Ministry of Industry, Trade and Technology funding that was contributing to the upgrading of the smelter? Is that customary?

Mr. Caplice: Mr. Hogg can correct me, but the company had applied for funds from the Ontario Development Corp. When ODC funds go into upgrading this kind of operation, which is a secondary aluminum smelter, it is quite common that the ODC would check out the viewpoint that we held in relation to the plant itself; i.e., is the plant in compliance or capable of coming into compliance?

Mrs. Grier: Was this not the second loan they got?

Mr. Caplice: I believe they may have had earlier loans. I do not have a complete loan history on this operation. This is not a big operation in terms of manpower employed.

Do you have a track on how many ODC loans they got?

Mr. Hogg: No, I do not.

Mr. Caplice: But there was an ODC loan as well.

Mrs. Grier: Was that not contingent upon approval from your ministry that the operation was a good one?

Mr. Caplice: Yes. If the loans in part have to go towards correcting an existing problem, then it is a situation where they would give their blessings if the funds were going to be devoted to upgrading and improving the plant's operation.

Mrs. Grier: How much of the delay in the upgrading at the time Mr. Stevenson is talking about was contributed to by the uncertainty about funding from ODC? Where does it all fit together?

Mr. Caplice: The critical period with the ODC loan was beginning last summer. In the

summer of 1985, it all crystallized around the major amount of money they wanted for the new secondary smelter. That was where we got into the argument with the municipality about whether the building permit should flow. The municipality was adamant that the ministry should assume responsibility in all circumstances for a complete cleanup of the site. It is a bit unusual when you have an industrial operation, as the minister has indicated, that the ministry per se would go on the hook for a complete cleanup of the whole site. We feel that is very much the responsibility of an operating industry, which Thane is. We got into a situation where municipal officials did not want to issue the building permit.

Mrs. Grier: Was it not as the community thought, that they did not want to see the plant expand, given the history of inability by any level of government to make it a clean operation?

Mr. Caplice: That was the viewpoint of some of the citizens. We were unclear. The community itself, as represented by the elected representatives, wanted the plant to expand, but it wanted the ministry to guarantee a complete cleanup should the company fail. There is a difference between the community and—

Mrs. Grier: The company was saying, "We will not clean up unless we get ODC funding that will enable us both to clean up and expand."

Mr. Caplice: And ODC funding was conditional upon getting a building permit; so we had a chicken-and-egg situation.

Mr. Stevenson: In a sense, I suppose it came down to that; but the municipality would have been much happier, and I would suspect might well have issued the building permit, if it had thought that whatever changes were going to be made to the smelter this time would work.

If the old building with the smelter in it had functioned for four to six months the way it should have, I would suspect there would have been relatively little problem in getting a building permit for the expansion of the plant and hence the cleanup of the stockpile outside.

The municipality felt it had a gun to its head, particularly when this letter arrived, in that it was being forced to allow a company to expand that had not proved in the past that either the equipment was technically adequate or the management was adequate to deal with the problems involved in the operation of such a smelter.

You are presenting the municipality's position somewhat unfairly, I believe.

Mr. Caplice: In other words, you are saying they were asking for a leap of faith, so to speak, to be assumed on their part, when past history pointed to the company not being good operators, and they refused to do that. I think I understand their point.

On the other hand, in his meetings, the minister was trying to convey to them that it was unusual to request the crown to assume complete responsibility for the cleanup should the company fail, because Thane is still an operating entity. The minister was trying to say he would cross that bridge when he came to it.

Mr. Hogg: As I mentioned earlier, to break the impasse, the regional director decided to issue the control order without any requirement regarding the salt slag on the property. In effect, if the company followed that control order, he was going to establish a program that would prove to the municipality that the company was serious about getting its operations in shape. We have actually done that.

The salt slag issue and its recovery will follow and is following the installation of the new processing mill, which did require the building permit from the municipality. They brought it in on a skid; so it did not require a building permit.

Mr. Stevenson: I am not going to drag out the problem with the control orders. A draft control order referred to both the operations of the old plant and the cleanup of the site. The control order that was finally brought in—I have a copy here, but it is a while since I read it—relates primarily to the operation of the smelter itself.

Mr. Hogg: That is correct.

Mr. Stevenson: If things do not follow the way they are supposed to, I am sure the rest of the original control order can be brought in to make sure the whole operation runs according to specifications or requirements.

Hon. Mr. Bradley: The background issue that keeps coming through on this—I realize you are putting them in separate categories—was that the municipality was putting the Ministry of the Environment on the hook for the cleanup of the site if the operation failed. That would multiply very quickly across Ontario if municipalities could put the ministry on the hook every time.

Mr. Stevenson: Again I come back the position that they were trying to put you on that hook because you were not prepared to give them the time to see whether the company could operate acceptably for four to six months. If they had been given time, I am sure they would have

been in a much different frame of mind to consider an expansion.

5:10 p.m.

Hon. Mr. Bradley: The residents in the area were not pleased to have that opportunity given to the company to see whether that would work over a period of time. We continued to get considerable pressure placed on the ministry by residents of the area, if not directly by the people who run the municipality itself, in terms of the emission problems and the general look-of-the-place problems that were there. There were two different categories of players from a municipal point of view here. One is the official municipal position and the other is the position of some of the residents who live in the municipality. Those of us who have served on local councils know that is not always the same thing.

Mr. Stevenson: Either I am not stating my case very clearly or you do not understand what I am saying. Basically, what I am saying generally covers the feelings of at least many—I would not say all—of the local residents and the council. I suspect a number of local residents would prefer the thing to be cleaned up and to disappear rather than to expand.

Mr. Chairman: I am sorry, Mr. Stevenson, but there is not much more than an hour left and I know a number of members have indicated an interest. Is there much more on this?

Mr. Stevenson: No. There is very little more. As far as getting through the impasse is concerned, the company has built its expansion on a concrete slab. It is not inside a building. There is no building permit. There is no site-plan agreement. There is nothing between the company and the municipality. The company has gone ahead totally on its own.

Are you happy with the way this has gone ahead? Do you feel that because it has put the thing together in the form it has that it meets the total approval of the Ministry of the Environment?

Mr. Hogg: We will certainly monitor that closely to see whether it is enclosed properly. If there is any fugitive-emission problem, we will follow up with some actions. The company did it so it could begin to process some of that slag. It was caught in a catch-22 situation, whereby it wanted to listen to people and start to clean up the material onsite and yet it was thwarted every way it turned.

Mr. Stevenson: But the company did not have to bring it in by the bloody truckload. It has stockpiled the stuff and has been doing it for

years. Particularly between August and November 1985, it was just wheeling in one truckload after another.

Mr. Hogg: Well, it is a resource. Some people may debate and say it is a waste and it should be disposed of.

Mr. Stevenson: It was stockpiling it without approval.

I have one very last brief question here. Because of time, I am not going to get into that chloride problem and the leaching and so on that is going on there at the moment. Are you firmly satisfied right now that the chloride emissions from that plant are down to a very low level?

Mr. Hogg: As I indicated on May 28, we started stack emission testing and I personally do not know whether the analyses are available to date, but we have also done a flight ecological survey in the area which showed a minimal effect. It is not widespread, and that is something that has been recently determined.

The jury is still out on what is actually going up the stack. We did grab a sampling of certain composite materials that came in and we put it through the furnace and did stack testing on it. Only when we determine what these analyses show can I answer that question.

Mr. Caplice: When will the results be available?

Mr. Hogg: I do not know. When I left they were being done. We could provide them as soon as they are ready.

Hon. Mr. Bradley: It points out a province-wide problem. I realize you raise it as somewhat of a local issue, and just because we are not the only jurisdiction does not make it right, but when you talk to other environment ministers, aluminum smelters seem to be a matter of great contention wherever they are. They are not clean operations, by any means. When people live nearby, it is very unpleasant for them.

It is all very well for those who do not have them next door to say that these problems can be solved, and that people should be satisfied. You cannot comment on that until you live there and find out about it. Having lived in Sudbury, I know what it is like to live near a smelter—in that case, a major nickel-copper operation.

There will be an ongoing problem. I just look at the implication. I realize you have separated it; that is fine and acceptable. However, the implication is that the Ministry of the Environment should get on the hook for cleanup in all these situations, when it should be the company.

That was the real problem in the background of all this; we are not trying to be unco-operative.

I recall signing a different letter. I think it would have portrayed what you would consider to be a more positive attitude on the part of the Ministry of the Environment than the one in that letter, which seemed to be somewhat brief.

Mr. Stevenson: It is right here, with your signature on it.

Mrs. Grier: One came to me two weeks ago. Is that what you are thinking of?

Hon. Mr. Bradley: This was to the municipality. I remember that it was carefully worded; we all have to word our letters carefully, to ensure that we convey exactly what we want to convey.

Mr. Chairman: Mrs. Grier?

Mrs. Grier: It is okay.

Mr. Chairman: We are still on vote 1801.

Mr. South: The investigations and enforcement branch has been increased to 63 full-time employees. Can the minister explain how this branch operates? For example, are there active site checks in problematic areas? What is the training of the employees? Does the branch operate in an independent manner from the other existing ministry operations? How is the manpower distributed across the province?

Hon. Mr. Bradley: It has been quite effective, in my view, in that we have a separate branch which now deals with these matters.

There are two ways of dealing with existing problems; one, of course, is abating the problem, and the other is actually investigating and gathering evidence, with a view to pressing charges if sufficient evidence is gathered.

The people involved in this, by and large, have an investigative or police-type background, as opposed to being a combination of abatement officers and investigation-oriented people, as was the case in the past. We now have a separate entity, and I believe it is working very well.

People from the Department of the Environment in Quebec came here to look at our situation and how it is operating. I think they were quite impressed with what we are doing. Our investigations and enforcement branch looked into the Chipman Inc. situation very thoroughly at about the same time.

Mrs. Grier: It took a while.

Hon. Mr. Bradley: A good investigation always takes a while. You want to gather sufficient evidence so that when you get into court, you have a good case to produce—as

opposed to simply running in with a shotgun and hoping you are going to be successful.

I know all members would want to ensure that in any of these cases; I simply threw that out as one example. There are a number of cases we would be involved in.

5:20 p.m.

Mr. McLeod: First of all, with respect to training, we had a two-week training course for all the new members of the branch in the fall, which was perhaps the first of its kind in any jurisdiction—at least, the first in this country of which we are aware. A number of experts in various aspects of law enforcement and provincial statutes spoke to the members of the branch.

There are plans to continue that with more advanced training over the coming months as we have the time and opportunity to do so.

The physical location of the branch is best described as being split with a central location in Toronto, where the branch is headquartered. The assistant director, the training instructor and the members of the central task force—now nine, I believe—are available to investigate major cases anywhere in the province. These are cases which, because of lack of either personnel or expertise in a regional centre, are better handled out of the Toronto area. When I say “lack of expertise or personnel,” I am referring to something of a considerable size that requires more manpower and expertise than the local regional enforcement officer would have at his disposal.

The remainder of the branch is spread out through our regional offices, with the investigative officers physically located in the regional office, receiving administrative and clerical support there and liaising with the abatement officers and the regional director, but in a setup that involves their reporting through to the enforcement branch head here in Toronto.

After an initial location in Walter Giles's division of the ministry as a new project, the branch was moved last fall into the operations division, with the director reporting to Dennis Caplice, the assistant deputy minister in charge of operations.

It is important that in our approach to any part of the private, public or quasi-public sectors that come in contact with our ministry, we display what we refer to perhaps as a continuum of abatement and enforcement action. The ministry is there to try to get problems solved as quickly as possible by whatever co-operative, consultative method is available throughout the whole of the ministry, but on the clear understanding that if

offences are disclosed, the enforcement branch clicks into operation and carries it from there. I do not know whether I noted down each of the specifics you referred to.

Mr. South: That pretty well covered it.

There has always been a problem with monitoring sewer use bylaws, and municipalities can never provide effective staff for this. Does the ministry now have adequate staff for it? We feel we can talk about leaking dump sites, but there is a large incentive for industries to be discharging a lot of their toxic problems into the sewers. Is Metro Toronto the only municipality that is actively monitoring its sewers and whether the discharges from industries conform with sewer use bylaws?

Mr. Caplice: Sewer use bylaws and their enforcement, as you have said, have been through enabling legislation under the Municipal Act. The bylaws have been passed by municipalities. If my memory serves me correctly, in the range of 200 to 300 bylaws have been passed, and there are variable attitudes towards their enforcement.

Metropolitan Toronto is one of the better ones. Mississauga, Barrie and the regional municipality of Kitchener-Waterloo have had enforcement people, so Metro is not the only one. However, the municipal-industrial strategy for abatement program that was announced by the ministry two weeks or 10 days ago will bring a new focus on the quality of sewage being discharged from sewage treatment plants, which in turn will have to be reflected back up the system. That will put a new emphasis on bylaw enforcement.

We are currently putting out for discussion another version of the draft model bylaw for sewer use to various municipalities, and engineers are looking at the next revised version of that. Following the MISA program, there probably will have to be a third version, which will deal more with the toxics, and then of course we have regulation 309. This September we will have the full read-out on that generator regulation.

As generators of waste material now, industries are being obliged not only to address the material that goes offsite, but also to address what is going into sewer systems. We are heading into a period when there will be a much tighter enforcement of bylaws, although they will be different. They will not be as concerned with protecting the structures, as you know, in relation to stopping corrosion and preventing plugging, which was the original purpose of

sewer use bylaws. They will now move to a more sophisticated set of parameters.

To some extent we are unclear of the direction in which the government will move vis-à-vis assuming that enforcement role. The current position is that it will still likely be a role for the large municipalities. In most cases they own the systems. They are responsible for operating the sewage treatment plant. We will be monitoring for discharge into the natural water courses and if there are problems vis-à-vis what they are treating, they have enabling legislation to permit them to attack that. There will unquestionably be a debate about the size of program needed for that purpose, particularly in the more complex municipalities which have many industries. We are not gearing up for enforcement.

Mr. South: We have talked about it for years and the problem still exists. Perhaps in the end this is the major part of the problem. We like to imagine that the problem comes mainly from leaking landfill sites. We now say that a large percentage of it might be aerial but I believe much of it comes out of the sewers. As far as I know there has never been adequate staff to monitor that. You cannot expect the small municipalities to do that. Any of you with experience in the business knows why. As soon as a small municipality in particular gets tough with an industry about what it is discharging, the industry quickly threatens to move out.

The smaller municipalities do not want to do it for that reason and generally do not have the technical expertise. The ministry has to grab the bull by the horns and get adequate staff to look after that. There was a report a few years ago concerning nine municipalities that indicated significantly bad discharges that no one was looking at. I believe the ministry should address that.

Mr. Caplice: As I said, Mr. South, it will be addressed fully under the municipal-industrial strategy for abatement program.

Mr. South: Is there staff where it starts, right in the individual municipality?

Hon. Mr. Bradley: Mr. South, this is a matter we will discuss with the representatives of the Association of Municipalities of Ontario who, so the Minister of Municipal Affairs (Mr. Grand-maitre) informs me, will no doubt be very interested in this issue. It is obvious there has to be a more proactive stance taken in this regard. We recognize that smaller municipalities in particular will require some guidance and assistance in dealing with this matter.

Another important aspect arises from this. My friends from the New Democratic Party will be happy to know I was addressing a labour group in the city of St. Catharines and a good group it was. Many of my friends from the labour union movement were there and had invited me to be one of the participants. All my friends in St. Catharines, of course, recognize the progressive policies of this government so they support them.

Mr. Chairman: This is addressing your question, Mr. South.

Hon. Mr. Bradley: Diverging to political considerations.

Mr. South: A little commercial there.

5:30 p.m.

Hon. Mr. Bradley: One of the things I noted to them was that the labour union movement has played a very significant role in the field of occupational health and safety and has in many cases been the watchdog on the job to determine what problems are arising, and to assist in recommending solutions. The occupational health and safety legislation was of some assistance in this regard.

I indicated to them—and I think it got a positive response—that I saw them as citizens of this province playing a prominent role in being watchdogs, environmentally speaking. Many have been very helpful in drawing to the attention of ministry officials not just problems that may have an impact upon workers within the plant but also problems that may have an impact beyond the borders of the plant. For instance, an individual who is informed by a foreman that he or she must flush something down a drain feels reluctant about that, or a person may know about an emission. One always hears the stories of how, if one checks the smoke at night, it is always different from the smoke during the day in these plants. At least, this is alleged. Employees within a plant are in an interesting position to be able to give advice on that.

I see that as important. I add something else to that. The member for Frontenac-Addington (Mr. South) presented to the House a resolution, arising from Professor Pearce of the University of British Columbia, for a charge of some kind for the use of water. I do not think it got as widespread support as the member had hoped. That is still being debated nationally.

We all know at which forum it will receive further consideration. That is the Canadian Council of Resource and Environment Ministers, CCREM. There is an ongoing discussion with staff and ministers. CCREM has been increased

in its importance in dealing with matters of this kind by the fact that we now have staff involved far more on an ongoing basis, instead of the ministers simply gathering in one location at one time of the year.

The problem the member raises is going to be dealt with and I appreciate the fact that he has raised it.

Mr. South: The minister will need a lot of funding to do it adequately.

Hon. Mr. Bradley: The member might raise that in the Ministry of Treasury and Economics estimates.

Mrs. Grier: How long are these CCREM meetings? The agenda seems to be interminable.

Hon. Mr. Bradley: Yes. There is consideration on both a formal and an informal basis of the matters of great importance at the meetings. They last at least three days, four this fall.

I understand that back in the old days they were not as productive as they might have been. What has made them most productive now is that on an ongoing basis the staffs from various provinces are meeting to put some teeth into what they are doing as opposed simply to having an annual meeting to discuss important things.

Mr. Chairman: Are there any other questions on vote 1801?

Mr. South: I have a few more questions. The regulations for polychlorinated biphenyl mobile facilities are in place, and now the need is for companies that have the ability, knowledge and equipment to destroy PCBs. Are there incentives for small companies to acquire these or funding for small companies trying to start up to address these problems? For example, I understand that Douglas Hallett is trying to get financial support and backing for his company, which is developing a mobile hazardous-waste destroyer.

Hon. Mr. Bradley: Anyone is welcome to make application to the various agencies of the provincial and federal governments for these purposes. Ordinarily, they are carried out through ministries other than the environment ministries. When talking about equipment of this kind, we are probably dealing with the Ministry of Industry, Trade and Technology, which has been an important ministry to deal with there.

Federally, who knows? The Department of Regional Industrial Expansion, DRIE as it is called now, is an important ministry. That is where that kind of financing would come from. The Ministry of the Environment itself does not provide direct grants for those purposes, but it has assisted by providing research funds from

time to time. For instance, with regard to the plasma arc of Dr. Barton, who developed it at Queen's University in Kingston, my recollection is that we provided approximately \$500,000 in the early stages for research purposes.

We have not been without that kind of involvement but, if the member is asking specifically whether companies today should line up at the door of the Ministry of the Environment, the answer is that they would be better off to line up at the door of the Ministry of Industry, Trade and Technology.

Did you have anything to add to that, Mr. Gotts?

Mr. Gotts: I think you have covered it very well. You remembered the right numbers, the half a million to plasma arc. We have funded others, generally at the research or development or pilot-plant stage.

We like to see the private sector take over at the point of commercialization. For instance, in plasma arc there have been joint ventures created to make it a commercial undertaking. At the research and development stage we would entertain applications and review them on their own merits, but the commercialization has been looked after in general by the private sector.

Mr. South: I got some static in my own riding. As you say, the plasma arc was initially developed there, yet there we sit with some PCBs on private lands. There has been a lot of publicity about them, and we do not have the ability to destroy them. The people back home say—

Mr. Knight: They are important people.

Mr. South: —the plasma arc is over in Niagara Falls, New York, now and that is where it is doing work. Is that true? Can you comment on that?

Mr. Gotts: That is only partially true. I would have to say that plasma arc is still in the development phase. It is in Niagara Falls, New York, because some of the most recent work has been aimed at applying this technology to the Love Canal wastes. This work was funded by New York state and, I believe, the United States Environmental Protection Agency.

That development work is also revealing information applicable to the use of these facilities for the destruction of PCBs, potentially for use in Ontario. As I understand it, we have not as yet received an application from the owners of plasma arc. Until they file an application for approval to use this technology in Ontario, there is little we can do to make it available to the owners of PCBs in Ontario.

Mr. Chairman: The member for St. George (Ms. Fish) was next on the list. The member for Kent-Elgin (Mr. McGuigan) has to go back to another committee. Is there any objection to him getting in for a question?

Ms. Fish: None at all. Go ahead.

Mr. McGuigan: I have a matter that is of concern to constituents of mine which deals with minor-use chemicals. The minister was talking about those last week, but I was not able to come in at the time.

The problem with minor-use chemicals is that in many instances the amount that would be used in Canada, just to use a figure, might be worth about \$200,000 a year, based on the fact that we grow far fewer acres of specialty crops than the United States does because of the differences between our climatic ranges and populations. Unfortunately, the cost of testing these chemicals in Canada can run to \$10 million or \$20 million, because the testing is exhaustive. It becomes uneconomical for any pesticide or chemical company to pay the cost of testing a product in Canada.

Quite understandably, the federal and provincial governments do not want to put up that kind of money to test these minor-use chemicals. The problem is that after spending the \$10 million, perhaps another chemical would take its place and it would be required to spend the amount all over again.

5:40 p.m.

I have no disagreement whatsoever where a product might be tested and licensed, say, for the southern United States, because with the different climatic conditions—rainfall, temperatures, soil conditions, all the great differences between the southern United States and southern Canada—something that might be safe in the southern United States would not necessarily be safe in southern Ontario. The chemical might not biodegrade and become harmless in the same length of time as it would under warmer and more humid conditions.

We do have cases of materials that are used in the states surrounding the Great Lakes which are very similar to our own. One material in particular which has been a matter of concern to blueberry and cherry growers for some three or four years is an insecticide called Mesurol. It was brought out as a recommended insecticide on blueberries and on cherries for a maggot fly and also for a couple of species of mites.

This material has a very beneficial side effect, which was not really anticipated when the material was developed, and that is that it repels

birds. Birds are a terrible problem with both the blueberry and cherry crops.

Just as a matter of interest, following the terrible ice storm that we had around the Great Lakes in 1978, when millions of birds were killed during those three days, the bird problem became much less bothersome. But over the past two or three years, the numbers of birds have built up to the point where growers are asking themselves whether they can continue to grow sweet cherries in particular in Ontario.

Hon. Mr. Bradley: I will tell you what the people do not like. They do not like bird bangers. Farmers may think they are effective, but the urban folk who live adjacent to orchards phone the Ministry of the Environment constantly about bird bangers.

Mr. McGuigan: If I could tell you the number of nights that I have got up out of my warm bed and a sound sleep and gone searching for a bird banger. They operate on propane gas. You are all familiar with those 20-lb. containers of propane gas that have a dial at the top. One turns them off in the evening.

You turn off the dial and think you have them all shut off. The problem is that if the dial leaks just a tiny little bit, within the next two or three hours it will leak enough to make an explosion. One is in bed and hears this explosion and then waits for the next one as if waiting for the other shoe to drop. Another neighbour may have one under the same conditions, and his can be heard going off in the distance—

Mr. Chairman: Mr. McGuigan, is there any way you could link together tingle voltage and bird bangers?

Mr. McGuigan: Just to show how nasty a problem this is, one gets out of bed and goes to the orchard to turn it off and then one has to wait until it goes off again before finding out where it is. One might be standing a couple of feet away from it in the dark and not know it.

Hon. Mr. Bradley: I am sorry I mentioned bird bangers.

Mr. McGuigan: I just wanted to tell members that growers are concerned about those things going off in the night. It is bad enough when they go off in the daytime.

Anyway, since May and June 1986, 12 states—including the ones which are important to us, such as Pennsylvania, Ohio and Michigan—have approved the use of Mesurol in cherry orchards.

To give you an idea how erratic this is, a friend of mine who is a cherry grower in Lambton

county right on the shore of the St. Clair River cannot use this material, and seven miles inland into Michigan there is a cherry grower who does use it. In all probability, he chases his birds across the river to my friend. When the birds cannot eat in one place, they eat in another. So we have this inconsistency of production costs and even the problem that the Ontario grower will have to get out of the business. If it is safe in Michigan, seven miles away from a grower in Ontario, surely by logic it must be safe here.

I bring it to the minister's attention that there are cases of these minor-use chemicals that are tested under the same conditions as ours, and therefore one would think they would be safe here. What is Ontario's involvement in this? Is it strictly a federal matter or do you have any say in how these are used?

Hon. Mr. Bradley: It is a combination of both. I know Mr. Stevenson expressed the same concern about those products which might be tested in a different climatic situation and under different conditions.

Mr. McGuigan: I have no quarrel with that.

Hon. Mr. Bradley: However, that is not the issue. The member is talking about adjacent areas. The Department of National Health and Welfare, Agriculture Canada, the Ministry of the Environment and the Ministry of Agriculture and Food all have an interest in this. Recommendations are made through the Pesticides Advisory Committee, with which the member would likely be familiar, after extensive investigation.

One of the problems we are confronting, and it is probably the new era of problems, is dealing with pesticides. I constantly get letters from members of the Legislature on all sides of the House asking about "Tilt"—as a minister, I would not know what it is, but all the farmers do—and other names they use, Latin and others. They all want it approved five weeks ago, yet we have an intricate, step-by-step process we must go through.

I know members of the farming community who speak to you are likely annoyed with me and whoever else is standing in their way. However, the only way we can reasonably guarantee that our standards are accepted is to have the stamp of approval from our Pesticides Advisory Committee on it.

The member for St. George raised this issue as well. We have relied on direct or indirect communication with the Department of National Health and Welfare and other agencies. For the most part, over the years we have been reliant on the federal Department of Agriculture to flag

problem chemicals for us. The issue Ms. Fish raised was that of getting a more direct communication between National Health and Welfare and provincial ministries which would have jurisdiction over the approval of certain products.

Sometimes it is an urban-rural split. Sometimes there are people in the rural areas who are interested in this. Speaking in general, the emphasis from the rural people is that they think we are nuts for forcing them to go through the steps we do. However, many people in the environmental field feel we overuse chemicals, and regardless of the competitive advantage that may come one way or the other, we should be approving them on the basis you have asked.

Generally, we have come down on the side of being small-c conservative in this sense, in not approving. I know we continue to incur the wrath of farmers, who ask, "How can you allow it to be used immediately adjacent, under those conditions, and not accept that?" However, it must go through our process.

Mr. McGuigan: I would not quarrel a bit with your being conservative. I think we, as growers, are just as concerned.

Hon. Mr. Bradley: What we are talking about is small-c.

Mr. McGuigan: Anybody who ever called it conservative knows we are talking about a small "c." We are just as concerned as the minister. Surely our scientists could look at the methodology of the other people and say: "That is probably the same methodology we would use. There is no purpose in our repeating the experiment." Of course, if they did not approve of the method, that would be a different thing.

5:50 p.m.

It seems to me that in many instances they would likely approve of the methods. Therefore, you could transfer the information from one side to the other. Unfortunately, we had that episode in Ohio many years ago in which a lab was falsifying records. I appreciate that. I am sure we have gone beyond that, and people are not doing it any more.

Would you look at an individual chemical, such as Mesurol, and see if there were some way it could safely be adopted here? I would like it adopted tomorrow, but realistically, it would probably be next year.

Hon. Mr. Bradley: Ivy, would you comment on Mesurol?

Mrs. Wile: I want to comment on the minor-use products first. When a pesticide is registered in Canada by the federal government,

most of the toxicological data are international. It is not necessary to repeat that information for Canadian use.

The Canadian component of the data comprises actual efficacy field data, where we might look at residue levels in the field or deterioration under our climatic conditions. When a product is urgently needed, and there are no Canadian data, a temporary registration will generally be issued. This is one of the largest sources of these temporary-registration products.

There certainly are disparities between us and the United States. I believe our standards are somewhat higher than theirs. Although they are, for example, using Mesurol south of the border and not in Canada, you have only to look at another example, alachlor, which is still being used in the US but not in Canada. Mesurol is not registered by the federal government for use as a bird repellent. Until it is registered federally in Ontario, we cannot proceed. We can only schedule products that are federally registered.

The failure to register Mesurol for Canadian use could be a result of several factors. It could be that the manufacturer simply has not applied or that there are certain concerns associated with the use of this product. I do know the federal Department of Agriculture monitors residues in food very closely, particularly in imported food, because of the concern about elevated Mesurol levels.

Mr. McGuigan: Can a state register it without federal registration? I have pieces of paper here that say it is registered in 11 states.

Mrs. Wile: No, it has to be registered federally first. The states may then impose their own conditions, similar to the Canadian system.

Mr. McGuigan: This would suggest it is registered federally.

Mrs. Wile: Yes, in the US.

Mr. McGuigan: I thought you said it was not registered.

Mrs. Wile: It is not federally registered in Canada. Until it is, Ontario cannot move to schedule use of the product.

Mr. Chairman: Ms. Fish, you have been most patient. You are next.

Ms. Fish: I thought I would start with some supplementaries in this line. Let us talk about our conditions. When the federal authority in Canada approves and recommends a product, the action is then discretionary on the part of the province. Perhaps I should look at the Minister of the Environment. Your action is discretionary, Minister, is it not?

Hon. Mr. Bradley: Yes.

Ms. Fish: I want to come back to my line of questioning the other day to which you made reference. On a regular basis, do you ask about the environmental and health safety factors of the new products you have the discretion to approve?

Hon. Mr. Bradley: Through the auspices of the Pesticides Advisory Committee, I consult on what its recommendation would be.

In your previous questioning, you identified a need for more direct communications between the federal and provincial levels, not simply going through an agricultural ministry but rather dealing more directly with the Department of National Health and Welfare. That is something worth exploring this year at the famous meetings to which I will not make further reference. In past years we have been reliant on the Department of Agriculture for flagging products of concern or of controversy.

There is that certain amount of discretion. The question arose with alachlor, for instance. I think you were among the people who had raised the question in my correspondence as to what Ontario does if the federal government does not act. In that case, we were in direct and constant communication with the federal authorities, both the Department of National Health and Welfare and the Department of Agriculture.

As I noted earlier in the estimates, I spoke directly to John Wise about alachlor when he was in St. Catharines for another purpose. The Minister of Agriculture of Ontario was also in direct communication, because this was a chemical of great controversy and concern. Ultimately, regardless of what decision the federal minister made—and I believe he made the correct decision—it could have come back to Ontario.

If we were not satisfied, we could exercise that discretion and ban its use in Ontario, even though presumably other provinces could decide to take a different course of action, much to the chagrin of the farmers in Ontario, or at least probably to the chagrin of the farmers in Ontario who use that product and feel it is beneficial to their operations.

It gets back to the fact that it would be nice to be able to use the same products right across Canada. However, ultimately, having the discretionary power is useful. If there is a product not being used, I would like to see that it not be used across Canada and not give a competitive advantage to one province over another, always recognizing that the health and safety aspect should be paramount in the minds of any who have the decision-making process before them.

Ms. Fish: The potential always exists for different judgements being made in different parts of the country, where there is genuine authority to be exercised by the provincial level within the framework of the federal decisions. Either one says there is an important responsibility to be discharged at the provincial level and takes that role seriously or one rubber-stamps the federal decision, arguing that the potential for an otherwise uneven pattern outweighs the importance of looking particularly to the interests and needs of Ontario, as the minister must now do in exercising his discretion.

You spoke of a particular form of communication that might involve a direct conversation with the Department of National Health and Welfare. I really was not, then or now, trying to set out with precision the nature of the intergovernmental contact. I am starting at a much more basic level, which is: Do you, your staff or the Pesticides Advisory Committee, as a matter of routine that is built into the regular procedures, ask whether the proposed material carries a positive recommendation from the Department of National Health and Welfare? That is a very simple, regularizing question.

6 p.m.

Mrs. Wile: We do not speak to them regularly, mainly because when a product is registered by the federal government, it issues a short toxicity profile of the substance. It is usually a written, one-page or two-page document that identifies any concerns, outstanding studies and reasons for temporary registration. It also gives us some information on the chronic and acute toxicity.

When the Pesticides Advisory Committee receives this document, it automatically focuses on anything that may be of special concern and consults, as necessary, the Department of National Health and Welfare, the Department of Agriculture, or even Environment Canada if it concerns fish or invertebrate toxicity. It is an automatic brief that comes from the federal government because most of the products are different formulations of an active ingredient. Although it may have approximately 4,500 different pesticides registered, there are only 600 or so active ingredients.

Anything containing a new active ingredient would trigger a similar response from our Pesticides Advisory Committee. It would not likely act upon a reformulation of an existing product it may have reviewed in the past.

Ms. Fish: But it is entirely reactive. It relies upon some notice from the federal level. If I

understand this correctly, there is no standard built into your review. It just puts the question: "Minister of Agriculture, you have sent this down to us. It might be a temporary registration or fully approved, or whatever it might be. We want you to add a line telling us whether it comes with a positive recommendation from the Department of National Health and Welfare. Your point is quite well taken federally as well."

Is this correct? The response is entirely reactive. It is not a matter of regularizing your procedures to assure yourself that you regularly ask that question.

Hon. Mr. Bradley: You have made a number of assumptions in your question. Look at the lines of communication in terms of products that come with the approval of the Department of Agriculture. I have indicated that in the past the Pesticides Advisory Committee, with experts in that field from a variety of backgrounds, has flagged those concerns identified through the toxicity report to which Mrs. Wile made reference.

However, it seems to me the suggestion that a question may be included for the Pesticides Advisory Committee is possible—for instance, "Does it have the seal of approval of the Department of National Health and Welfare?" I will be happy to explore and pursue that.

Ms. Fish: It is worth reviewing those procedures that are reactive rather than initiative in asking the questions. It goes to the heart of the concerns raised by Mr. McGuigan and many others in this committee and elsewhere as to how we deal not only with the plethora of new products but also with the different standards that may apply between jurisdictions. We note the current differences in standard between our Canadian national process and the US national process. Within that is the opportunity of differing standards between provinces exercising their discretion and between states.

In circumstances where food crosses borders quite extensively or where there are similarities in environments, or where similar crops are being raised and so forth, there is an understandable concern expressed by the consumers that they are adequately protected, by those who must work with the chemical or be exposed to it that they are safe and that appropriate precautions are taken, and also by the producers.

I remain firmly convinced, as Mr. McGuigan tried to say very eloquently a few short minutes ago, they are not in the business of wanting to poison themselves or anything or anybody else, whether it be the environment, the wildlife

around them or the consumers. They want the absolute best, but they also want the absolute safest.

I do not believe safety on our farms and for those who are exposed to the products of those farms or to any waste that may come from those farms is a division between urban and rural people. I believe that concern is shared broadly across this province. That is why, while there may be differences of opinion about individual products, there is broad support for a system of review that demands clear and specific exercise of authority.

We in this province do not make the decision to take things off a list, so it is done by default and, if a decision is not made, everything goes on a list. It is the reverse, to make clear specifically the responsibility for the decision to permit something to be used. It may not be used unless that is specifically decided and certain steps are taken in approving it.

Hon. Mr. Bradley: What is ironic about what the member says, and I think she aptly alludes to it, is that for most of the products that are used, the victims of any side effects or health consequences are, for the most part, the people who actually use the product. I know there are residual effects of the product being used on food, for instance, but it is sometimes ironic that the people who place the most pressure on governments at all levels and in all jurisdictions to permit the use of products are the ones who use the products and could face the consequences of them.

I look at the alachlor case, for instance, where it was the farm wells in so many cases and the farm water supplies to rural communities that would be adversely impacted. As you point out, many people, certainly in the rural areas, had concerns. There we have a product that is a double-edged sword for people. On the one hand, it can improve productivity of the farm product; on the other hand, it has a pretty significant adverse impact on people.

In terms of how these concerns are viewed, I should share with you some day the letters I get from MPPs. I like to consider those as letters that one does not wave around for political purposes. I do not like doing that, but I can tell you, and you will be able to imagine it, that I receive a lot of letters from people who are there to protect both the producers and those who are using the product, as well as the consumers, ultimately.

Many of those people think the Ministry of the Environment is a nuisance to them. You and I would not agree with that, you having been a

minister and I now holding that responsibility. It is amazing the number of people who consider us a total nuisance and a roadblock to providing competitive farming in a difficult world. I come down on the side of things having to be environmentally safe as being most important.

Productivity is important too, but there are a lot of people of whom you will be aware who are now into so-called organic farming. They do not use any chemicals. Some of those people claim to have very good results without using pesticides, herbicides and other things. In a competitive agricultural world, we have become very preoccupied with using any product that can provide us with a competitive advantage. That is why, at the time when people are looking for these products, I get bombarded with letters from the farming community and farm organizations asking, "Why are you not allowing this product this year?"

6:10 p.m.

Ms. Fish: It is fair to say again what I tried to say earlier. There is a question of communication of the ministry's role externally, as well as the wish for information and knowledge about the safe use of materials. However, it is not solely a matter of stopping with the question of pesticides that might come forward. I am sure the minister is aware of that. It touches upon the relationship between him and his ministry and other ministries.

For example, I note that Ciba-Geigy Canada Ltd. is doing test trials and research into atrazine-resistant tobacco strains. That is an entirely different approach to the question of pesticides and chemical development. It goes to the genetic engineering of the crop, which is not new to us and of which we can proudly say we are the forerunners on the world stage. It presents its own set of environmental problems at a different level, coming at it even from that end.

To say those who are in or associated with agriculture are not sensitive to these would be a misimpression. They are extremely sensitive. There are legitimate differences of opinion.

A further area comes into it, the question of competition. Again, I reflect upon what Mr. McGuigan was saying. It is most commonly the case that the argument is based on the most efficient, cost-effective means, as it should be. I do not happen to be familiar with Mesurol and its properties. However, I have listened to Mr. McGuigan's remarks today. If it is the case that blueberries, cherries and other soft fruits are being imported from areas where a product not permitted for use here has been used, to the

benefit of farmers in other jurisdictions, and where there is, at the same time, a legitimate concern about residue, then it brings me back to the question I genuinely tried to ask in a very serious vein the other day. Perhaps in the moment of the day, it was not received quite as seriously as I might have hoped.

When the Ministry of the Environment treats material or deals with proposals that, for whatever reason, it feels ought not to be permitted here, or which it is aware have not been federally authorized here, as with Mesuroil, it should close the loop. It should assist in lobbying on behalf of the farmers and consumers of this province, in conjunction with the ministries of Agriculture and Food; Industry, Trade and Technology, and a variety of others, to deal with the issue of imports. Imports are a very significant competitive point for our own farmers.

The flow of goods is two-way. We export and import considerable amounts. In most of the areas in which we deal with our pesticides, the flow is on the import side, not the export side.

I urge you to reconsider the options available to you and to the government, to act as advocates on behalf of those who may initially feel they are being prevented from having a competitive edge, by looking seriously at the fact that there is more than one way to meet a competitive edge and provide a boost.

One way might be to permit products to be used for which there are serious questions. However, a second, very rich opportunity that merits exploration would be the question of nontariff barriers on what products should be permitted to be imported here and dealt with.

It goes precisely to the heart of Mr. McGuigan's comment. The issue is only partly a question of what happens in the fields here. It is tied intimately to the questions of what products are available, what the costs are to produce what quality of product and how that plays out in the consumer market. That is the stuff with which farmers have to deal daily in their crop.

Hon. Mr. Bradley: It would be interesting to explore that from a national point of view as well, because there is such a focus of attention on trade issues, the legal ramifications of doing that. In an ideal circumstance, we would like to be able to put a nontariff barrier, if we could call it that, and that is what it would be, in front of any product that had on it or had been produced as a result of using a pesticide or herbicide, which might, on the one hand, give that country a competitive advantage or, on the other hand and more

important, might provide a health risk as far as we were concerned.

Interestingly enough, when you get into these trade issues, you find out it is a two-way street. Retaliation starts to take place against us. In this case, it would be unfair retaliation. You point out that if you compare our practices in farming and agriculture to the practices in other countries, we probably stack up very well. Therefore, morally we would be in a good position. I do not know how the former Minister of Agriculture and Food, with the intricate knowledge he may have of the ramifications, may react to starting to prevent foodstuffs from other countries coming into this country on the basis that a particular pesticide or herbicide was used to produce them, as opposed to there being a readily identified health problem with them.

That whole area deserves international discussion and advocacy on our part to ensure that we have the best food products available. I simply want to identify the fact that, in terms of international trade, it is very difficult, when you start preventing other products from coming into your country, not to face retaliation. Sometimes it is unjustified. In this case, it would be unjustified retaliation by preventing certain of our products from going into those countries. That does present a real problem, although, in the best and the most ideal of worlds, all members of the committee would likely indicate sympathy for what you have had to say.

Ms. Fish: I appreciate your concern where there is no question of health-related risks from the residue on the imported product. Where that is not an issue, the discussions become a little more complicated as a nontariff barrier. Where there is reason to believe that residue may place at risk the health of those in Ontario who consume the product, I do not think it is complicated and I do not think it goes on the table for trade discussions. That is a fundamental area for protection of people here. If part of our reason for not being as free and easy in Ontario as are other jurisdictions in permitting the use of certain chemicals on farms deals with, among other things, the nature of the residue left on the product, that is an area where there should be no compromise.

Hon. Mr. Bradley: I do not think you will get a quarrel with that statement. You may find at the national level, however, that you will get a quarrel.

The committee considered other business at 6:20 p.m.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of the Environment

Second Session, 33rd Parliament
Wednesday, July 9, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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McGuigan, J. F. (Kent-Elgin L)

Pierce, F. J. (Rainy River PC)

Smith, D. W. (Lambton L)

South, L. (Frontenac-Addington L)

Stevenson, K. R. (Durham-York PC)

Taylor, J. A. (Prince Edward Lennox PC)

Substitution:

Callahan, R. V. (Brampton L) for Mr. McGuigan

Fish, S. A. (St. George PC) for Mr. Bernier

Reycraft, D. R. (Middlesex L) for Mr. South

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON SOCIAL DEVELOPMENT

Wednesday, July 9, 1986

The committee met at 3:57 p.m. in committee room 1.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

Mr. Chairman: The standing committee on resources development will come to order. We have one hour and 17 minutes remaining for the Ministry of the Environment estimates. At the conclusion of those, we will move directly into a discussion of Bill 11, the housing bill.

On vote 1801, ministry administration program:

Mrs. Grier: One unanswered point from some of my earlier remarks was the Countdown Acid Rain program and the intentions of the ministry, given that it appears it is not going to activate the select committee on the environment in the immediate future and that the Countdown Acid Rain program requires that committee to monitor and function.

Hon. Mr. Bradley: I am in favour of it. I understand the House leaders discussed it, and the problem arose because members are so busy dealing with other matters before other committees that they have been unable to convene.

Mr. Taylor: Some acid and some other acid.

Hon. Mr. Bradley: Some acid and some other acid, as Mr. Taylor says.

I hope that will be the case, because I think that committee is the appropriate forum for it. It was suggested the committee would deal with trans-boundary pollution problems. I would like to see that committee or another committee of the House review the regulations, as the Canadian Coalition on Acid Rain has requested. They expressed some concern about averaging the Hydro end of things and wanted to have hearings on it at that time.

I am all for that, but I know what it has been like dealing with the House leaders today and yesterday. I hope we will find a mechanism. I certainly mentioned it to my House leader, and I am sure both critics have mentioned it to theirs.

Mrs. Grier: My concern is primarily around the comment in your opening statement that we would be receiving the first of the semi-annual progress reports. If that committee does not

meet, what mechanism do you intend to use to deal with the acid rain reports? I understood they were going to be part of the consideration of the committee. Is that not how it is going to work?

Hon. Mr. Bradley: I was not aware that was the case, but I would not mind that. It would not bother me.

Mrs. Grier: Can I be clear on the status of the first of the semi-annual progress reports? Your statement said it would appear by the end of June. There was some confusion.

Hon. Mr. Bradley: I said July in my remarks, and the statement said June. Do not ask me why. Apparently, it will be the end of July. I do not know how that happened, whether it was originally a misprint or what, but that will happen at the end of July. I always thought half a year was the end of June, but the regulations specify July.

Perhaps Mr. Giles will update us on exactly what will happen with these reports. Walter Giles had a lot to do with the program and also put together a conference on acid rain in the Muskoka area last fall, which was extremely successful. There were scientists from all over the world. Mr. Giles was also deeply involved in the development of the acid rain program, which has been hailed by those south of the border. Mr. Giles, perhaps you can elaborate on the mechanism for the reporting they will be doing.

Mr. Giles: We have indicated to the four industries involved that we expect these reports to be received by July 31, as specified in the regulations. We have given them an outline of the types of things we expect to find in the reports. When we receive them, we will review them thoroughly with our technical staff within the ministry. We have a mechanism established that will involve other ministries as well, so that we have a government review of the reports as they come in.

In addition, because of the implication of federal-provincial support for the potential activities of the companies as they meet these requirements, a federal-provincial committee has been established among ourselves, the Ministry of Industry, Trade and Technology, the Treasury and the Ministry of Northern Development and Mines on our side, which I co-chair

along with the local representative of the Department of Regional Industrial Expansion—where the funds reside federally—Environment Canada and the Department of Energy, Mines and Resources.

It is our intention to deal with these reports at that level as well. They will be given a very thorough technical review with experts from the various ministries available to look at them. It will include not only the technology development that is being proposed by the companies but also the economic and financial side of the situation.

Mr. Taylor: That explanation is all very well in terms of the government review of the reports, but some people may be more interested in a legislative review through a committee such as this.

Hon. Mr. Bradley: That is right.

Mr. Taylor: Historically, there is precedent for that. The chairman and the minister will be aware of the orders put out on companies such as Reed Paper some years ago, not necessarily in connection with acid rain, but there were Inco's emissions. We had quite an extensive hearing process before a committee; it may have been this one.

We had experts from various areas, the professorial types as well as the industrial types, who no doubt gave conflicting views. The chairman and the minister will recall the committee also visited Dryden and Fort Frances, I believe. There were different field trips. This whole business of acid rain was dealt with at that time.

I am not suggesting this committee has time available to review those reports further, but I am asking whether there will be an opportunity for a reference to a committee of the Legislature as opposed to a committee of government to review these reports. I do not know whether you are interested in that aspect, Mrs. Grier.

Mrs. Grier: That was the direction in which I was headed.

Hon. Mr. Bradley: It was contemplated that this committee could play a very effective role. As a minister, I was very enthusiastic about the role this committee could play. There are 125 members of the Legislature but, unfortunately, they all seem to be preoccupied on committees, whether it is investigating un-Canadian activities at Expo 86 or whatever they happen to be doing. For all of us who have spoken to our House leaders, the only answer we get is, "All the

committees are busy and all the members are busy." It would be a good mechanism.

There is a focus of attention again. The acid rain coalition has its ads going on the radio stations. If you have been around Barrie at all, you hear them on the radio stations up there, and that is focusing attention. In the United States, there is a renewed focus of attention as they, we and the world, I guess, have made some good legislative progress, or at least some progress that was never contemplated in the US before.

With that focus of attention on the issue, it would be appropriate, and I will continue to press the government House leader, to have a mechanism there as soon as possible to deal with that. I agree with members of the committee that it would be very positive to do that. As Mr. Taylor, who has had more experience than I have had around here, recalls, there have been such reviews in the past.

I hate to have you think I am always sidetracking you, but an interesting sidelight was the negative reaction of some Americans to the ads of the acid rain coalition, which I thought were quite good. I do not know whether I am naïve, but I thought they were not strident but quite striking. The message to encourage our American friends to encourage their congressmen to vote for this legislation was quite positive. I notice some media reports have shown that is not the case. I do not know how that plays up north, Jack, when these types of ad go in some places. How do the Americans react? You rely on it, I think.

Mr. Pierce: There is no question that one country does not like being told by another country how it should approach its government representatives. That appeared to be the content of what was being said on an interview on television last night. They believe they have done a number of things within the American system to protect the environment and particularly to address acid rain. They do not need to be told by Canadians that they have to do more.

Hon. Mr. Bradley: I guess it depends on whom they interview.

Mr. Pierce: When we were in the process of promoting the thermal generating plant in Atikokan, there was a large outcry from Minnesota, and particularly from Minneapolis, that the acid rain from this plant would literally sink the state of Minnesota. It was interesting that they were telling us what we should be doing. It works on both sides of the border.

Mr. Taylor: There was a write-in to the then Minister of Energy protesting the development of

the two proposed coal-powered units at Atikokan, one of which was proceeded with and completed. That was brought to the attention of the then Secretary of State for the Department of External Affairs in Ottawa at a meeting at the federal-provincial level regarding that, of which I am most mindful.

In terms of international interference, if I can put it that way, there has been ample precedent from the other side of the border to lobby government here on issues that might detrimentally affect the environment of that other jurisdiction.

4:10 p.m.

Hon. Mr. Bradley: Certainly Representative John Dingell, whom everyone has heard of at one time or another, has not been what you would call a friend of Canada on this item, although he has certainly been an effective congressman and member of the House of Representatives in many ways. He has been one of the strongest critics of Canada as a whole on what we have done in terms of acid rain.

He probably would have been one of the people at the time, as Mr. Pierce has mentioned, who was most vociferous in his criticism of Canadian efforts. The government of Canada, along with the government of Ontario and, I hope, other provincial governments, has made a major commitment in this direction. Prime Minister Mulroney announced that. Tom McMillan, as the minister, has been very supportive in terms of funding acid rain measures.

With that kind of federal-provincial commitment and co-operation, we have been able to make a reasonably good case in the US against some who have been quite critical of us in the past. They always say they count us as so many Incos. It is interesting to hear that, but I think we have removed that impression now.

Mr. Taylor: That is a unit of measurement, is it not?

Hon. Mr. Bradley: Yes. How many Incos? That is how they used to refer to it. I think we have removed much of that. We will all be interested in the reports that come in, because progress has to be made. There is more technology available, almost on a monthly basis, to deal with the problem of acid rain.

I was a little disturbed by the comment of somebody in Washington. Perhaps one of you could tell me who it was. It may have been the Secretary of Energy who made a comment that downplayed the importance of acid rain. Again, that was of some concern to Canadians. I hope that did not adversely influence Congressmen

Waxman, Boehlert and others who are taking an initiative.

The great advantage in the US right now is that a bipartisan bill is going through. There are some moderate Republicans who are small-c conservatives on other issues but very supportive on acid rain. It is interesting to see the coalition that has formed in the US.

Mr. Chairman: Sounds like an accord.

Hon. Mr. Bradley: You would call it an accord in the US.

I met with Congressman Boehlert who said he knew Bud Gregory and others, so he had apparently met with the Conservatives here. He was quite positive in his remarks.

Mr. Chairman: Mr. Pierce, have you finished?

Mr. Pierce: No, I have two questions to which I would like responses. They are with respect to the containment of polychlorinated biphenyls. For my information and the information of people in the Atikokan area, how long is an absentee landlord allowed to store PCBs in the area?

Hon. Mr. Bradley: Ron Gotts, the director of the waste management branch, is able to answer that.

Mr. Gotts: There is no provision in regulation 11/82, which controls the storage of PCBs, that suggests there is any time limit. The regulation requires suitable storage of the generator onsite, since there is no commercial capacity available to receive PCBs and there is a great reluctance to see them moved, particularly from one municipality to another. As long as an absentee landlord has provided appropriate storage facilities and the appropriate security, there is nothing that requires him to do anything more.

Mr. Pierce: Following up on that, I hope the Environment minister is aware that the Ministry of Natural Resources is going to be negotiating a deal with Steep Rock Resources to take over the land Steep Rock has in the Atikokan area. They hope to have a negotiator appointed by the end of this week or the first part of next week.

I also hope the minister keeps abreast of what happens in those negotiations. Steep Rock Resources wants to give up all its holdings in the Atikokan area. The only thing it is going to retain is the area in which the PCBs are stored. Steep Rock Resources is long gone from Atikokan. I have some fear that bush will be able to grow around this site. It will be there for a long time, and there could be some problems with it.

Mr. Haggerty: That has been a continuing practice in Ontario over the years, has it not?

Mr. Pierce: I am talking about what is going on today and what I see for the future. I want to make sure the Minister of the Environment is aware that these negotiations will be taking place in the very near future. I hope the minister will take a place at the negotiation table and assume the responsibility for whatever finally comes through the Ministry of Natural Resources.

Hon. Mr. Bradley: The deputy minister would like to add something to that in response.

Mr. Haggerty: Is the water there safe to drink?

Hon. Mr. Bradley: I think so.

Mr. McLeod: The ministry has been involved with the Ministry of Natural Resources up until now and will continue to be. Mr. Gotts or Dennis Caplice can add to this comment. I was speaking with the Deputy Minister of Natural Resources about it as recently as a week ago. I received her assurance that we will continue to be involved as the negotiations continue.

Mr. Pierce: I have one other short question and then I will quit for the day. The minister and I talked briefly yesterday on tender openings for a water treatment plant in the Atikokan area. While the estimates by the consultants and the ministry were somewhere in the neighbourhood of \$4 million, the low tender was bouncing on \$7 million. I talked to the reeve of Atikokan this morning. They were expecting an order today or tomorrow to boil water because of the quality of the water. He assures me that the municipality is not capable of carrying 12.5 per cent of the cost of a plant that is ranging around \$7 million. I would appreciate the minister's addressing this problem immediately, as I know he will.

Hon. Mr. Bradley: The member was kind enough to draw this to my attention personally. He has elaborated somewhat on it today. It is a great difficulty for a municipality when the costs keep escalating. The estimated cost was provided by a reputable consulting firm. When the tender came in, it was much higher than had been anticipated. They were initially enthusiastic to proceed, as Mr. Pierce has indicated. Looking now at the fact that the cost has gone up considerably, they find that more of a financial challenge. You are not dealing with a part of the province that has been booming in recent years. Even in boom times, it is a difficult chunk.

One of the problems Mr. Pierce has identified as well—and this is a little touchy—is that consulting firms seem to do quite well in the

province in providing information and so on. They are major costs for municipalities. We have a situation where a consulting firm's estimate was about \$3 million lower than the actual tender that came in.

Mr. Pierce: The consultants still collect their fee and, in fact, come back with a proposal to bridge the difference in the cost of the contract. They offer their services again for an additional fee and suggest that perhaps the site selection was wrong and that they should take another look at it, at the same time requiring more fees. The consultants were selected by the Ministry of the Environment and, at the same time, they are being paid for by the town of Atikokan. There are some problems that should be addressed.

Hon. Mr. Bradley: Mr. Caplice, will you answer that?

Mr. Caplice: I have a few brief comments. As I indicated the other day when it was raised, we will have to take a very quick look at this situation. We have had a lot of consultants' estimates come in under the projected cost this year. This is a good example of one that has come in very high.

A few innovative things were looked at for this water treatment plant in terms of techniques to purify the water. I do not think that has been the factor in seeing this much of a cost escalation. We will have to look at that location and look at ways and means of bringing that number down to a more reasonable number. It is not just slightly above; from \$4 million to \$7 million is a big increase, and that is totally unexpected as far as we are concerned. We have had a lot that were right on this year and we have had a lot below the estimates.

I do not think the consultant fraternity in general in Ontario has been doing a bad job. It is sometimes tough even to get people to bid on northern Ontario work. This one really startles me in terms of the cost.

4:20 p.m.

Hon. Mr. Bradley: They have special problems that the northerners on the committee could identify. Having lived in Sudbury, I know the difference between doing work in northern Ontario and doing work in southern Ontario. In St. Catharines, you get out what I call a steam shovel, a back hoe or something, and you can do any of the work. In Sudbury, you listen to blasting going on all day. When you want to do almost anything, you have to blast to get the rock out of there.

That is something we in the south have to take into consideration when we deal with the financing of projects in the north. It is an interesting point you raise.

Mr. Pierce: I agree with what you are saying, that there is a difference in the land—

Hon. Mr. Bradley: I am not defending the consultant, though.

Mr. Pierce: —there is a difference whether you are in rock, swamp or nice sand-and-loam material. When it comes time for the consultants to charge, they should be aware of where the heck they will be operating. I could use much stronger words than those. I do not have a lot of strong feelings for the consultants and the way they address the problems in northern Ontario.

I agree that some contracts have been coming below what the consultants had estimated in northern Ontario, but a spread of \$3 million in a \$4-million job does not hold a lot of water.

Hon. Mr. Bradley: No.

Mr. Pierce: I am talking about a water treatment plant.

Hon. Mr. Bradley: You have identified a major problem. You are right, and I am not here to defend them when I hear they are \$3 million out.

Mr. Pierce: No, I realize that.

Hon. Mr. Bradley: The member is quite correct in raising that.

Mr. Pierce: I want to emphasize that even though we have had a lot of rain this year in Atikokan, we are still faced with the possibility of a boil-water order today or tomorrow. I hope you address this problem quickly.

Mr. Taylor: May I have a point of clarification? Is it still the policy—it has and it has not been in the past—of your ministry actually to own and operate a sewage disposal plant or a water purification plant?

Hon. Mr. Bradley: There was a time when we were deeply involved in that. We have gone largely to municipalities now. There has been quite a change in that.

Mr. Caplice: The policy from 1978 onwards has been to go to the grant system as opposed to the disbursement system for providing the money. The disbursement system led to provincial ownership of the works. It is almost totally the other way now. The only one of a major nature we have financed for provincial ownership in the past two or three years is the extension to the East Lambton water system in Lambton county, to the east of Sarnia.

Mr. Taylor: That is in terms of ownership. It always amazed me that the previous government was so insistent upon owning sewage disposal plants. I did not think it was a badge of distinction, although I am not criticizing the civil servants in that regard. In any event, with respect to operating these plants, do you still insist on operating them as well?

Mr. Caplice: No. We have not insisted on operating them, and we have entered into discussions with Kitchener-Waterloo to turn the facilities back. We have turned facilities back in Cornwall and in the district municipality in Muskoka, and we have had ongoing discussions with the regional municipality of Peel regarding facilities it operates. There is no firm position within the ministry. Since 1978, it has been the position that if the municipalities wish to assume the operation of the facilities and will enter into discussions with us, we are quite open to that.

Mr. Taylor: I appreciate the potential for flexibility, but sometimes the implementation of that flexibility is not all that simple. There may be a built-in resistance. I am thinking of a plant in my riding. At least, you are saying it is there.

Mr. Caplice: Yes.

Mr. Taylor: I am sure that often these plants can be operated much more economically utilizing onsite labour and maybe co-ordinating different jobs and functions within the municipality rather than hiring additional people. I wanted to clarify that.

Mr. Chairman: You want to be fair, because other people are on the list.

Mr. Haggerty: The member is always fair.

Mr. Taylor: The other item was to deal with the polychlorinated biphenyls. Again, it is a question for clarification that I wanted to ask the staff, dealing with the storage of PCBs from other facilities. I am referring now to the Lennox generating station at Bath. I do not know whether you are familiar with that.

There is a situation where the Lennox generating station was phased down in fairly short sequence. It is a coal-fired station. Apparently, the premises are being used for the storage of PCBs. It was the control of transportation or transportation of additional quantities of PCBs to the site that generated some public concern.

Mr. Haggerty: I'm sure there was an environmental hearing on this.

Mr. Taylor: It came as quite a surprise. What regulations do you have in that regard? Do you permit transportation and storage, assuming that the storage facilities meet certain criteria that you

have established? Is there some public hearing process or is it just an arbitrary decision on the part of Ontario Hydro?

Mr. Gotts: There are two pieces of legislation that apply. First, there is part V of the Environmental Protection Act. For a large consolidation of PCBs, in particular, there is a commercial operation such as we had in Smithville. That type of operation is subject to the full scope of the Environmental Protection Act with regard to an application for a certificate of approval or for public hearings that may be prescribed under the legislation.

In 1982, it became evident that there were no commercial facilities with capacity available to store PCBs. There is no destruction capability for PCBs in Ontario even at this moment. As a result, it is clear that the only thing we can do if PCBs are taken out of service is to store them on the site of the generator.

It seemed inconceivable that every time we took a transformer or capacitor out of service where it had to be stored on the generator site, one would require an application for a certificate of approval, public hearings and so on, since it was there in the first place. As a result, the wisdom of the day was to pass regulation 11/82 that set out the requirements to provide for onsite storage without going through a certification or a public hearing process.

Mr. Taylor: That is assuming the PCBs were already on the site.

Mr. Gotts: Yes. I will continue. It also provided—and there is discretion provided—for some minor consolidation, because if we take what I have just said to the nth degree, that we had to store it on the site, then if you took a transformer off a telephone pole in the middle of a farm field, it would imply that it had to be stored at the foot of the telephone pole in that farm field.

In many circumstances, we have viewed some minor consolidation to improve security and to have the materials under control. There is a judgement on what degree of consolidation should be arranged under regulation 11/82 and at what stage you kick into the full part-V approval process. That is always a judgement call. From a straight technical perspective, there are many reasons in many situations where it would be most appropriate to provide for consolidation for protection of public health and the environment.

Initially, there were a few problems in providing for this degree of consolidation, say in Metro Toronto, as Toronto Hydro would take out of service a facility that contained PCBs and take

it to a local location. The Kenora spill sensitized people to PCBs to the extent that there is objection to any movement of PCBs. We are facing a bit of a conundrum with regard to allowing practical consolidation specifically for protecting the environment and putting them in secure locations, versus a very complex process that is very time-consuming and would require an application, public hearings and so on.

4:30 p.m.

Mr. Taylor: It is not resolved yet.

Mr. Gotts: It is resolved to the extent that where municipalities agree to that consolidation, it can take place under regulation 11/82. If there are objections, there are problems. Very few people, for whatever reasons, want to be next to PCBs in storage. Most people are next to PCBs in service—they are in service in this building—but they have raised a connotation that the farther one is away from them the better.

Mr. Taylor: What you are saying is that it is the municipal corporation—you mentioned the municipality, but presumably it is the municipal corporation or the council of that corporation—which must manifest its consent to the storage by resolution or bylaw.

Mr. Gotts: No. My understanding is it is not a question that it must manifest, but essentially as a matter of courtesy in some of these movements, the municipality has been asked for its comments.

Mr. Taylor: This is what I am getting at. I am asking what the legal requirements are, not what the courtesies are. Some people are courteous and some people are not. We want to know what the public has to put up with. Say Ontario Hydro wants to be strident, if I can use that strong word, and proceed in accordance with the letter of the law. Are any approvals necessary or not at the local level?

Mr. Gotts: Yes. The approval is required even under regulation 11/82, in the form of a director's instruction.

In a generic scenario, if somebody is taking a transformer out of service, for example, and he approaches the ministry and says, "I know I must comply with 11/82; I must get permission and I must get instruction to create a site under 11/82," he cannot do it until he gets that approval. Having applied, if the staff go to the municipality and say, "We have a proposal to do thus and so," and the municipality opposes it, the director then has an issue to deal with.

Does he ignore it, because there is no requirement in the regulation that municipalities

must agree? He must make a decision, for better or for worse, on whether to allow that consolidation. In most cases, he would attempt to find a way to accede to the expressed municipal wishes.

Mr. Taylor: The public process may be an exercise in optics or it may not, depending on the flexibility of the public. If the public is obstinate in its view that it should not accept this commodity within its municipality, especially on this site, then the final determinant is not the municipality. All it is doing is reflecting its preference.

Mr. Gotts: That is correct.

Mr. Taylor: In the final analysis, who makes that decision? Can you clarify that for me?

Mr. Gotts: In the final analysis, the director has the power to make that decision under regulation 11/82.

Mr. Taylor: Therefore, it is the government.

Mr. Chairman: Read that as a final analysis.

I urge members to be relatively brief, because at 5:15 p.m. we must conclude the estimates and there are a number of members who want to speak. The critics have not even been on this afternoon.

Mr. Haggerty: To follow the point Mr. Taylor raised, why does section 29 of the Environmental Assessment Act not apply in this instance? That allows the minister to give an exemption in the areas where it may not cause any controversies or cause serious hazards to the health of people.

Mr. Jackson: Section 29 of the Environmental Assessment Act applies only if a municipality, the province or a designated public body is proposing to do something. Only the activities of those people are subject to the Environmental Assessment Act. Ontario Hydro has an existing exemption under section 29 of the Environmental Assessment Act for warehouse or storage operations.

Mr. Haggerty: They can store it anywhere in Ontario without approval?

Mr. Jackson: No, just without a separate approval under the Environmental Assessment Act. They will still need an approval.

Mr. Haggerty: By whom?

Mr. Jackson: By the director.

Mr. Haggerty: Who is the director, though?

Mr. Jackson: They need either a certificate of approval under part V or instructions under regulation 11/82, which is made under part V of the Environmental Protection Act. There are many directors under regulation 11/82. There are

several directors under part V. There have to be many directors under regulation 11/82 to deal with emergencies that arise and have to be dealt with quickly. Generally speaking, it is dealt with at the level of the regional director or higher.

Mr. Haggerty: Thank you.

I hope the minister has somebody here who is knowledgeable about the Niagara region, in particular the riding of Erie. During a number of years here, I raised with the previous government several matters concerning the Bethel landfill site. At that time, a permit was issued to someone to put in inert material—I do not know whether it was to the corporation or not. I understand that an unknown quantity of drums may well be buried within that old quarry site and that the ministry currently is doing a study on that area. When can we expect that to be finalized?

Mr. Chairman: Mr. McIntyre was going to answer until he realized how difficult the question was.

Hon. Mr. Bradley: You identify a major concern there. Ron Gotts will assist us in the response.

Mr. Gotts: The site you refer to is one where one suspects there may be problems, particularly since development is proposed in the close vicinity of that site. There is concern about what exactly went into that site. Along with a number of other sites, it has been identified this year for investigative work to assess its potential to cause a problem either currently or potentially as development encroaches.

I think we have let the contract to a hydrogeological consultant to go in and do tests on that site. We expect that work to be completed by no later than the end of this fiscal year and perhaps by the end of the calendar year.

Mr. Haggerty: I believe the drums, with whatever was in them, were placed there in 1979. There have been complaints from residents within a radius of half a mile of that site that they have found hydrocarbons in their drinking water.

Mr. Gotts: I am not aware of that type of finding. I understand the main concern now is that there are proposals to put development in close proximity to the site. Lacking additional information on a site, we propose a safe buffer. They would like to come closer than that buffer, which means there would have to be site-specific investigations to determine what potential problems might exist, be they leachate, methane gas or whatever, other than domestic waste. Until that work is done, we will not be able to assess the potential.

4:40 p.m.

Mr. Haggerty: Would you say that the K M Containers Ltd. disposal firm in the area dumped the containers in not only that site but in almost every municipal site? They dumped containers in the Port Colborne municipal waste site, although I do not know what material was in them. It seems these people continue to dump, violating the rules and regulations, with a licence to operate.

Mr. Gotts: Some of these inappropriate disposal mechanisms could have occurred in the past and there would have been great difficulty in detecting them. Some of the recent changes in the environmental protection legislation relating to waste management close that loop.

Regulation 309 was amended last June and introduced more stringent management of liquid industrial and hazardous waste requiring mandatory generator registration by September 17 of this year. Generators have one year in which to test their waste, determine whether the wastes were hazardous and, if they were, to register with the ministry.

Once we have that registration, we also extend the manifest system to track solid hazardous waste in addition to liquid industrial waste. The manifest involves the generator submitting a copy of his manifest to us which identifies that he has entered into a transaction for which he is registered. The receiver of the waste is also required by law to return a copy of the manifest. A computer matches the generator's copy with the hazardous waste he is registered to produce and the receiver's copy with the certificate of approval to determine whether he can legally receive that waste.

Mr. Haggerty: You are telling me it is foolproof now; that there are no violations.

Mr. Gotts: I will never convince myself that anything is foolproof, but in most cases one would have to assume it would take collusion of at least three parties to abort the system, i.e., the generator, the hauler and the receiver.

Mr. Haggerty: There have been no recent incidents of collusion?

Mr. Gotts: I could not answer that specifically. As long as there are people, some will try to take advantage of the system. The present system tightens the loop. Using a computer, we can rapidly track and identify exceptions, for instance, when something did not go where it was supposed to.

Mr. Chairman: Mr. Haggerty, would you allow a brief supplementary?

Mr. Haggerty: A brief one. I have to follow up on it. Who is it?

Mr. Chairman: Mrs. Grier.

Mrs. Grier: Mr. Haggerty's question reminded me that when I questioned on Thursday, I asked if the ministry staff could make the list of landfill sites available—

Mr. Haggerty: That is what I was coming to.

Mrs. Grier:—that have been identified in the province and they promised they would. I wondered whether it was here today.

Mr. McLeod: I think it is available.

Mr. Haggerty: Do you have anything particular on landfills in the Niagara region, say in the Erie riding? Let us take a look at the Fort Erie municipal waste disposal farm there. I understand there have been difficulties over the years. Has there been any improvement in controlling it?

Hon. Mr. Bradley: We have brought the problems that have been experienced in the past to the attention of the town of Fort Erie. Did Mr. Gotts want to comment further on that? I recall there was considerable discussion within the ministry. The member for Erie (Mr. Haggerty) had raised that with me. They are looking to deal with their problems as well as they can.

One of the problems in the regional municipality of Niagara is that several municipalities are involved in finding sites, sometimes in combination with one another. When regional government was implemented in Niagara a conscious decision was made not to give the regional municipality itself control over garbage disposal or collection, even though the region has undertaken a waste management study on methods of garbage disposal in the future.

As a result, there have been municipal landfills which have serviced only one municipality; in the case of the western part, four municipalities have been served by the one on Park Road

Mr. Gotts: I am not sure I can answer that. Perhaps Mr. Caplice can.

Mr. Caplice: My understanding is that a study by Morrison Beatty Ltd. is under way. A hydrologic report is expected this fall on the site you are concerned about in particular. In the meantime, we are continuing monitoring, looking at the surface water runoff, etc. We are looking at the hydrologic setting of that site as well, with a view to correcting any of the problems posed by it.

Mr. Haggerty: How advanced is your monitoring? Do you have anything conclusive about

what type of substance may be found, and whether it is toxic?

Mr. Caplice: I do not have any results with me.

Mr. Haggerty: Are you going to get into that area?

Mr. Caplice: Yes. In the consultants' assessment, samples from both ground and surface will be taken, and put through a series of tests to determine whether any of the priority pollutants or other substances could be affecting the ground or surface water.

Mr. Haggerty: Does your ministry have any funding for ski slopes, so they can be completed? I am driving home a point; you know what I am talking about.

Mr. Caplice: You are talking about closeout.

Mr. Haggerty: I understood that at one time, with landfill sites, you could only go a certain level above the normal grade level of the land. This area is almost like a mountain. I am going to extremes, but it is pretty high. The serious runoff of rainwater on to adjoining property is causing some problems in that area. If the ministry had followed its previous guidelines in that area, it would not be in the fix it is in now.

Mr. Caplice: Yes, but on the other hand, mounding, and going for some height at landfills, has given some breathing room to municipalities that really had no other place to go. It has been a catch-22 situation for some of them.

In each of the cases where we have agreed to alter the contours and to allow more to go in, we recognize that it poses the threat for greater leachate, surface leachate in particular. However, in the case of the municipalities that are hard-pressed or have not done enough forward planning, it gives them some breathing room.

We did agree to that down there. As the minister has alluded to, however, the whole question of waste disposal in the regional municipality of Niagara is confused by the fact that the act which originally created the region gave the responsibility for waste disposal to the local municipalities. It did not go, as it has in Metro, up to the regional level. It has been hard on those ones—

Mr. Haggerty: They have problems even in Metro.

Mr. Gotts: Yes, but on the other hand, if you had left the six or the 13 original municipalities in Metropolitan Toronto to each seek landfill sites in 1986, it would be an extremely difficult task.

It is not easy for Metro, but it is the opinion of Mr. Gotts and others that having it at the regional

level is the right direction in which to go. We have made the minister aware of this.

Mr. Haggerty: What is the long-term solution to it? Every municipality in the Niagara region has the same problem. Where are they going to dispose of their waste?

You cannot buy land. It is getting too expensive. You can put it in some rock pile, and have seepage which may cause problems later on. There is no doubt that you are well aware of that.

Mr. Caplice: Ron, do you want to speak to the four Rs—that is, reduction, reuse, recycling and recovering—and give some indication of where we are going?

Mr. Gotts: There is a very important undertaking going on right now in the region of Niagara. Niagara, and all its constituent municipalities, approached the ministry a few years ago and said it wanted to conduct a waste-management master plan. We have a program to fund 50 per cent of that planning study.

Mr. G. I. Miller: Do you have a program now?

Mr. Gotts: Yes. That plan is in its third phase. In general, we think of the waste-management master-plan exercise as being three phases, each phase involving public participation.

The first involves essentially making an inventory of what you now do. What do you now have with respect to waste generation quantities? What types of facilities do you have? Where will the waste go? What are the deficiencies? In essence, you are getting a really good book on where you are at.

4:50 p.m.

The second phase involves analysing options. In other words, how should waste be managed in an integrated fashion? Should I be making compost? Should it be energy from waste? Should there be curb-side collection, the four Rs? What portion will end up in landfill? What portion should go to the other alternatives? That will vary from community to community. Some lend themselves to one option and not others.

The idea is that the planning process is not site-specific. The municipality may choose to take it that way and we do not pay for the site-specific drilling and so on; we pay for the planning aspect.

We hope that over the next 20 years the plan will help us determine how to manage our waste. We need curb-side collection and we expect, for instance, it will divert 15 per cent. If we have a steam customer we could produce energy from

waste. We know we will always need some landfill. Here is a quantity that we expect to have to landfill. We can produce compost because we have sewage sludge in municipal waste. That will vary from municipality to municipality. The regional objective—because we do not fund these specific municipalities—is to look at overall waste management needs, devise a plan and discuss it with the public at three different levels of the planning stage so there are no surprises about its components.

The region manager has that plan under way now. We hope the plan will address whether disposal responsibility should rest at the regional level in the region of Niagara or at the lower tier. It does not now, as in a number of other regional municipalities, but the planning process should tell us the best way to go.

Mr. Haggerty: Once it goes to the region, I do not have to tell you what the cost will be.

Mr. Chairman: Can we move on?

Mr. Haggerty: Yes. I have one other question dealing with the municipalities.

Mr. Chairman: A brief one with a brief answer.

Mr. Haggerty: Do you want a supplementary?

Mr. Chairman: Try to be brief because other members wish to speak.

Mr. Haggerty: I want to deal with sewage treatment.

Mr. G. I. Miller: I have a supplementary of the minister. The region of Haldimand-Norfolk has applied for assistance on its study. Is funding available for Haldimand-Norfolk to complete that study? There is a question of recycling. I thought the minister made a statement that his ministry would be moving into the recycling field. I believe we are. Are all municipalities up to date on what is available from the Ministry of the Environment to encourage recycling?

Hon. Mr. Bradley: I know the member has raised that question by letter or in person in the past. We have allocated funds for studies each year and no further funds are available.

As you know, we have embarked on a change in financing the recycling program. We are spreading it out from a three-year to a five-year assistance program. Your municipality would be able to take advantage of that. Mr. Gotts can provide some details.

Mr. Gotts: The new program is over five years. We think that is closer to the program becoming self-sustaining than the earlier three-

year projection. Previously we only provided funding for operating deficits but we now provide funds for capital. We also provide funds for promotion, education and curb-side boxes that increase participation rate.

We have made the program well known. We used the Ministry of Government Services to carry out our mailing so that every organized municipality in the province should have received a full package about the program describing in detail what is eligible for funding and how to make application for the various components.

I am sure they have received them because we are getting many calls. We are discussing the program with municipalities.

Mr. Haggerty: I have to be careful with this next one. The last time I raised the question—

Mr. Chairman: I thought you were finished.

Mr. Haggerty: Oh, no. It is on the matter of the municipal sewage program in the town of Fort Erie. I am concerned about the cost of installing sewer lines and trunk lines in Fort Erie.

Every time the ratepayers get up in arms about something council is doing on a matter related to the installation of these different projects, the first thing that happens is that it is thrown back on my shoulders, because there is provincial involvement and therefore it is my responsibility. A rather large amount of money has been spent in the town of Fort Erie on the installation of service and trunk lines. I want to raise the matter of the depth of the lines at which they are installing those lines.

The larger the machines, the deeper the engineers go. When you get down to 12, 16 or 20-odd feet, in that area, you could almost lay out four more lines of service, you can lay out twice as much line if you went to the normal depth of four or five feet, which is acceptable in other municipalities. The cost is high if you go as deep as they do.

Next, I understand that the Ministry of the Environment, along with the municipalities, has another study in progress. It has suggested spending \$30 million to \$40 million to phase out the treatment plant in Crystal Beach and take the water to the Anger pollution control plant in Fort Erie, about 14 miles away. The cost is unbearable when we have already put in lines to run the water uphill to Crystal Beach. It is damn well ridiculous to be spending public money in that area.

It is time for you to take a good look at the direction in which you are going. I do not know the reason, but when you installed the sewers in Ridgeway, you put the water out to the treatment

plant in Crystal Beach, knowing full well four or five years ago that the plant could not handle it. You are bypassing sewage to the Anger plant. You are even bypassing it in Crystal Beach, with an offshoot going to Waverly Beach. That area has been condemned before in the summer months because of pollution.

Are the taxpayers getting their money's worth from those installations? They do not now have the facility that should have been operating and functioning well. Instead, they have problems.

Hon. Mr. Bradley: We always want to get the best bang for the buck, so to speak, with all these projects. At the same time, particularly because of the sensitive international nature of this case, we want to be sensitive to the report of the Niagara River Toxics Committee, which identified certain problems, 90 per cent of them on the United States side and 10 per cent on our side. A couple were industries and a couple were sewage treatment facilities that could be improved. The region came forward with some suggestions that were no doubt based on consultants' reports and other sources. I will ask Erv to elaborate on and explain to the member what has happened.

Mr. McIntyre: My name is Erv McIntyre and I am the executive director of engineering approvals.

I will deal first with sewers and how deep they are. Municipalities, by and large, prefer gravity sewers, not sewers at higher elevations that have to lead to a mechanical pumping station. In the long run, you run into operating and maintenance costs that make the cost of construction well spent.

Mr. Haggerty: Do you know what the service connections are for the hookup when they are down 22 or 27 feet?

Mr. McIntyre: Yes, I know what they are. I am saying this in general, without looking at any specific one. We look at every project in terms of the most economic way to build it. We look at not only its capital cost, but also at its long-term operational or replacements costs for pumps, motors and things that go into a pumping station, at the municipality's costs in terms of servicing it and keeping it in operation, and at power costs. These are the things we look at before we decide whether to put in a deeper gravity sewer or a shallower one and put in a pumping station to lift it up into the main trunk.

As to the Crystal Beach and Anger plants, we suggested to the municipality that it had quite a number of things to do to catch up. I am sure you are aware that in Fort Erie a lot of the work we are

doing is fixing up old sewers that were built many years ago and are leaking very badly.

Mr. Haggerty: You have touched a sore spot there.

Mr. McIntyre: That is the instance causing a heck of a lot of the bypassing that has taken place in the plants in those parts.

Mr. Haggerty: Even your new installations there have been leaking badly.

5 p.m.

Mr. McIntyre: All new installations are covered by a specification and they are tested according to that. They are not accepted until they meet that specification.

Mr. Haggerty: At what cost?

Mr. McIntyre: The cost is the tender that comes up.

Mr. Chairman: I am going to call a halt to this exchange. We have only about 10 minutes left and others want to speak. Is that all right, Mr. Haggerty? I am sorry to cut you off, but I think we must.

Ms. Fish: I will begin by questioning the minister on the impact, if any, of today's introduction of a bill by his colleague the Minister of Municipal Affairs (Mr. Grandmaitre) to permit the water fund in Metro, if I can describe it that way, that has come principally out of levy and is earmarked to be set aside specifically for water treatment facilities, now to be directed to upgrading sewage at the municipality's discretion.

I am extremely sympathetic to and supportive of the attempts to improve the sewer side, but I am a little troubled about the long-term impact of moneys that have been specifically earmarked for water treatment. Can you tell me whether these are funds that your ministry enriches or would otherwise look to in considering support to municipalities for water treatment facilities?

Hon. Mr. Bradley: The reason they put forward for requesting this of us and for our agreement to it is to permit the flexibility to deal with the problems they feel are confronting them at this specific time. As you know, more and more people are moving towards dealing with pollution problems at the source. Improving the quality of the water effluent that enters the lake is becoming increasingly attractive to Metropolitan Toronto. It has freed some money. The surplus has accumulated at quite a rate. It does not mean they have to spend it on these projects, but it does give them the flexibility to do so.

They have identified the areas of concern they would like to address to improve the effluent in a couple of substantial ways. They have identified sewer separation as one. One of the identified problems has been that of combined sewers. When there is a large rainstorm, the sewage and the storm water shoot past the plant and into the lake, avoiding the plant and the chemicals that are there for the purpose of treating the sewage.

The member, having been a municipal representative in the past, no doubt still has good contacts with people in that area, as does the member for Lakeshore (Mrs. Grier). She will know there are some fairly innovative ways in terms of ponding or retaining the storm water that avoids getting into costly storm-sewer-separation projects. They are looking at those as well.

The member for Hamilton West (Mr. Allen) met with our ministry officials on Friday to discuss with a professor from McMaster University a new method that has been used in Europe a few times. They are looking at that kind of project as well. In addition to that is the upgrading of sewage treatment plants.

As the members know, under the Canada-Ontario agreement the federal and provincial governments participate with municipalities in upgrading sewage treatment plants in what is referred to as tertiary treatment, with a view to removing phosphorus going into the lakes. They see a need for upgrading. As to how this affects provincial funding, when the municipality is prepared to invest more money it accelerates the programs that are planned and makes it more attractive for the provincial government to become involved as well.

As I indicated in my initial remarks to the members of this committee, it would be highly attractive to all of us if we had, not some of the bad experiences in tripartitism that my friend the member for Durham-York (Mr. Stevenson) will describe, but a combined federal, provincial and municipal program. More matching dollars would then be available to deal with what I call the beaches cleanup program; it really means improving the quality of the water. That will have a positive effect on the allocations the province may make in future years.

You will want them to retain sufficient funds to deal with any projects related to the treatment of water, as I do. For instance, when the population increases, expansion is sometimes needed. I also indicated that we are doing a study of water treatment plants in the St. Clair River area and we will expand across the province.

They may identify improvements in the conventional treatment of water. I see this as a positive step, allowing flexibility for the municipality and allowing more funds to be directed to the most effective way of dealing with environmental problems.

The member is concerned about some of the suggestions that have come out and so am I. The province will not match funding for dilution as a solution. I know the member shares that with me.

Ms. Fish: In the limited time left, I want to bring us back to the more specific question I tried to ask in the context of this year's estimates. I am looking at vote 1804. There are a number of entries. I happened to turn to item 2; I do not know whether that is the correct section. It refers to your ministry's proposed allocations to municipalities for specific upgrading, at least in part, of waste water. It is also for water treatment, but it is also in treating waste water.

My concern is two-fold. There is a demonstrated need for improving water treatment that has led to the more specific canvass and analysis of water treatment facilities that you are undertaking. It is well-known what chemicals have been found in the lake and I note the recommendation of some members of Metro council that a massive water diversion project be undertaken from Lake Simcoe.

Hon. Mr. Bradley: I think it was Georgian Bay.

Ms. Fish: Georgian Bay. There is obviously some concern about the water treatment and the quality of the treated water. Without touching on how extensive that is and notwithstanding the fact that I support municipal flexibility, if there is a concern about that and if a dedicated fund is being used for other purposes, I want to understand whether you will look at the depletion in that fund and mark that against Metro's account should it come forward in the future for matching funds or provincial assistance on upgrading and expanding water treatment.

On the other hand, looking specifically at substantially reduced allocations in this field, particularly on waste water treatment, if the funds are diverted from treating water and dispersed it into the treatment of effluent, will those funds be matched; and if so, in what formula in this fiscal year?

Mr. G. I. Miller: Can I ask a supplementary along those lines? We do not have much time left. Is the federal government putting up any money to clean up the Great Lakes and provide clean water in the Great Lakes basin under the International Joint Commission?

Hon. Mr. Bradley: The program is winding down. It used to be under Canada Mortgage and Housing Corp., or Central Mortgage and Housing Corp. as I still call it. It provided some money for sewage treatment. I think it referred more to phosphorus in your area.

5:10 p.m.

The member for St. George (Ms. Fish) is referring to the various projects that might be undertaken in the field of improving the quality of the effluent and improving the quality of the water taken in or consumed. We will review carefully and sympathetically all proposals for funding brought before the ministry. I have been a great proponent, as have many toxicologists and other people in the field, of dealing with pollution problems at the source and of improving the quality of water by ensuring there is a reduction and, eventually, a virtual elimination of persistent toxic substances going into our waterways. This will allow for cleaner water.

There are two ways to go in this regard, although sometimes it is not just two ways. I do not like drawing a line down the middle and saying that it has to be this way or that way, but there are two ways of going in this direction. One is that you allow the problem to exist. In other words, you de-emphasize your expenditures on reducing the pollution and put in defences against it. These are, in effect, very expensive and comprehensive water treatment systems. You put your eggs into that basket.

The alternative is to spend it on cleaning up the sources. I think the new emphasis on sources is important. The member identifies the problem of what happens if they decide to put all, or at least many, of their eggs in the basket of dealing with the sources and not with the treatment. My understanding is that they have indicated that they wish to use \$20 million out of the available \$30 million and retain \$10 million for dealing with drinking water treatment. In that way, with that kind of public commitment, there is some insurance that those funds will be there for those purposes.

Both are important. I am pleased to see that Metro has seen that getting at the sources is important. I think the member will agree that both the city of Toronto and Metropolitan Toronto have a renewed interest and emphasis on environmental expenditures. As a province, we are prepared to participate in as effective a manner as possible; and on behalf of and side by side with the municipality, we are prepared to encourage our federal friends to become involved in improving water quality.

It think it would be legitimate for the federal government not to devote funds to the treatment of drinking water. If they say, "That is not really ours," objective observers might agree with them; although I like money to come from them for anything. However, there is a place for the federal government to play a significant role in improving the treatment of effluent going into an international waterway. Tying in the question of the member for Haldimand-Norfolk (Mr. G. I. Miller), I will make further representations to the federal government so we can have a tripartite, team approach. I assure the member that we will be participating in a very meaningful way in that regard.

Mr. Chairman: Ms. Fish, is this a convenient time to stop? We must carry the various votes.

Ms. Fish: Perhaps you will permit me a closing. I strongly support the treatment of sources. I am sorry the minister did not see fit to deal in the answer with the estimates that are before us, particularly when I went to the effort of pointing to an item in a vote that has already decreased the available moneys for municipalities for precisely the purpose for which Metropolitan Toronto is seeking to transfer those funds.

The specific question was the resulting impact not only on water treatment going in, but also on the matching dollars and the nature of provincial support to Metro. From there, I would have explored with you, had I had the time, the treatment by other municipalities of those point sources of effluent. You have expressed congratulations to Metro for treating them. I share in those congratulations. This set of estimates does not increase support from the province; it reduces it. That is a pity.

Hon. Mr. Bradley: I think the province is providing a very generous amount of money in this regard. The overall budget of the ministry has been increased significantly and will continue to increase in the future.

Ms. Fish: This has been decreased by \$4 million, of which \$1.5 million is within the direct category of provincial grants to municipalities and is not a transfer payment.

Mr. Chairman: The clock has run out.

Hon. Mr. Bradley: I invite you all to the transfer technology conference in December. I leave this with the members of the committee.

Votes 1801 to 1804, inclusive, agreed to.

Mr. Chairman: Shall the chairman report the estimates to the House? Agreed.

I thank the minister and his staff for their assistance during the estimates, and the members of the committee for their very active participation. This completes consideration of the estimates of the Ministry of the Environment. I

suggest we now have a two-minute recess while the Ministry of the Environment people clear out and the Ministry of Housing people move in.

The committee considered other business at 5:16 p.m.

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Witnesses:

From the Ministry of the Environment:

Bradley, Hon. J. J., Minister of the Environment (St. Catharines L)
 Giles, J. W., Associate Deputy Minister, Intergovernmental Relations and Strategic Projects Division
 Gotts, R. M., Director, Waste Management Branch
 McLeod, R. M., Deputy Minister
 Caplice, D. P., Assistant Deputy Minister, Operations Division
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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development

Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament

Wednesday, November 26, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, November 26, 1986

The committee met at 3:41 p.m. in room 151.

After other business:

15:46

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

Mr. Chairman: Let us proceed. We have with us the Minister of Agriculture and Food, Mr. Riddell. I am sure he will want to introduce the people with him and proceed with his opening statement.

Hon. Mr. Riddell: On behalf of the Ontario Ministry of Agriculture and Food, I would certainly like to welcome my colleagues to this 16-hour session on the expenditure estimates of the Ministry of Agriculture and Food. I have some of my staff with me today. More new faces will appear as we get on with the various votes.

Sitting at the front table with us are my deputy, Dr. Clayton Switzer, and Keith Pinder, sitting at the end of the table. The other staff members will be introduced when they are asked to respond to specific questions.

I have come here today with the senior staff of my ministry to look at the policies and activities of the Ontario Ministry of Agriculture and Food. I intend to outline for you the real progress we have made, in 17 short months, in meeting the urgent challenges facing Ontario's agriculture and food sector. I also intend to show you the ways in which we will be shaping future policies to respond to the long-term needs of the industry.

We have an agenda for agriculture and food in this province. Our doors are open. We are receptive to suggestions. We welcome the participation of the other partners in this industry, but ultimately we have a responsibility to all the people in this province to work in their best interests in our dealings with the vital business of food production.

For our agenda today, I propose to begin with an overview of the current situation and current and future policies. Then my deputy minister, Dr. Clay Switzer, will follow with a short statement on the workings of the ministry and its programs. He will outline to you some of the changes in the organization of our ministry.

In view of the fact that we have a new Agriculture and Food critic for the New Democratic Party, my three assistant deputy ministers

are also here and can make presentations if the committee so chooses. I will be dealing with the specifics of the agricultural situation in Ontario and the positive, forward-looking steps we have taken in support of this essential industry. But before I do that, I would like to step back and set the scene.

Agriculture and food is just one thread in the economic fabric of the province of Ontario; and in turn, Ontario is one piece of an ever larger tapestry. This takes in the economy of this country as a whole and the links with the economies of other nations through bilateral and multilateral trade arrangements. To appreciate fully the factors affecting Ontario and the options open to us, we have to look at what we do in the context of the world economy.

At first glance, this would seem like a golden age in comparison to the economic conditions that prevailed four or five years ago. Economies around the world are benefiting from decreasing oil prices, lessening rates of inflation and relatively stable interest rates.

However, this is not true everywhere. The trade deficit in the United States, for example, remains at record levels, largely because of the strength of its dollar in recent years. This led to a marked upswing in its imports, which were cheaper for Americans to buy. This country and this province were beneficiaries of that situation. This was coupled with a decline in US exports, which the Americans are currently trying desperately to make up for. I will be discussing this later in more detail.

In Canada the picture is brighter than it was four or five years ago, but this brighter picture is not universal. The prosperity that runaway oil prices brought to the west has vanished in the wake of the sharp price declines of the past two years, and the most promising economic prospects have shifted back to the manufacturing and service sectors, and that means back to Ontario.

In fact, it could well be said that the outlook for the performance and growth of the overall Ontario economy has rarely been so positive. Here in Ontario, that is the good news. The bad news is that not all sectors of the Ontario economy are sharing equally in the good news. That is certainly the way it feels to the farmers of this province. To them, the recession of the early

1980s has released its grip on every sector of the province's economy except agriculture and food. The spiralling interest costs that buffeted our farms have eased somewhat, and there has been some financial break for farm people because of the decline in oil prices; but this has been more than offset by increased costs in other areas and an unprecedented slide in commodity prices.

We do not have to look very far to see why. On one side of the Atlantic we have our southern neighbour, the United States, with its Food Security Act of 1985. In the world, at present, food surpluses are the order of the day, and the Food Security Act literally spares no expense to try to force these on a somewhat reluctant world.

The reason the rest of the world is reluctant is that it has its own problems when it comes to overproduction, particularly on the other side of the Atlantic among the member countries of the European Community. Having used mammoth production subsidies to get its farmers to grow the crops in the first place, the European Community is now using massive export subsidies to try to make these attractive on world markets.

Added to this, some of our traditional purchasers of these commodities are becoming self-sufficient or even net exporters themselves. It is small wonder that surpluses of agricultural commodities are a big problem. In the global shoot-out this has unleashed, Canadian and Ontario growers are getting caught in the cross-fire.

Too big a supply worldwide and shrinking markets would dampen prices in any case, but this problem is compounded by export subsidies that we in this country find impossible to match, which could price us out of some of our traditional markets.

Against this background it might seem strange that there are trade talks going on or about to begin. These take in both the bilateral arrangements with the United States and the multilateral ones among the 92 countries that are part of the General Agreement on Tariffs and Trade.

Agricultural subsidies are on the agenda at this round of GATT talks. This is the first time this has happened, and it could not happen at a better time. It is our fervent hope that some sanity will be restored in the marketplace as a result of these discussions.

Closer to home, of course, we have the ongoing talks between Canada and the United States on bilateral trade. My ministry is fully involved in them. We have a duty to put forward to the federal government and its negotiators a

clear and reasoned analysis of Ontario's agriculture and food concerns. To help us do this, we have had a series of meetings with representatives of producers, processors and those in the food-related industries. We wanted to get their views about the impact on Ontario of changing the rules on Canada-US trade. We have discussed bilateral trade in detail with the members of the private sector, and my staff are in the process of completing a major discussion paper as an outgrowth of these talks.

On many occasions this government has made its position clear. We are not against the idea of improving and securing access to the US market. Our concerns stem from the form that a rewritten trade rulebook would take. We certainly do not want any part of a free trade deal that wipes out the auto pact, gives up on supply management in the farming sector or sells short our health care system or cultural or sovereignty issues.

In a speech earlier this month in New York, the Premier (Mr. Peterson) also suggested that any trade agreement should incorporate some method of settling disputes. Surely a better way is needed than the present reliance on countervail as a punishment for alleged unfair trading practices.

There have been enough examples of the Americans flexing this legal muscle. At present we have the appeal of the hog countervail decision and preliminary rulings against our cut flowers. Added to this, there is now a section 33 investigation of Canadian beef exports to the United States.

On our side of the border there has been the recent decision by the government of Canada in support of the Ontario corn producers. Ottawa has seen the merit in the Ontario Corn Producers' Association's claim for countervailing duties on American corn exports to this country. I stand behind the right of producer groups to take these legal means if they feel a wrong has been done. Ottawa's ruling in favour of the corn producers indicates that Canada will act within its rights to protect Canadian farmers.

I do not think this flurry of countervail impositions and investigations is doing either country any good in the long run. For our part at the ministry, we are redoubling our efforts to find other markets to lessen our dependence on those of our traditional best customer, the United States. In particular, we have our eye on the Pacific Rim. That is why we went to the Food Pacific '86 exhibition in Vancouver this summer. That is why this area is becoming the target for more and more of our trade missions, both outgoing and incoming.

Recently my ministry cosponsored a visiting delegation of 19 supermarket executives from Japan, Hong Kong, Malaysia and Singapore. This was part of our major new initiative to promote a wide range of Ontario's processed food products to Pacific Rim countries. These 19 companies among them annually buy about \$1.4-billion worth of imports. Thus, the market potential is there for Ontario to build on the \$130-million worth of products we sold to that part of the world last year.

These marketing efforts are designed to pay off in the long run. The record sale of Ontario corn to the Union of Soviet Socialist Republics that took place this past summer was actually the result of meetings and trade delegations going back to October 1984. It is not a matter of talk today, deal tomorrow. These marketing breakthroughs are the result of patient, consistent, repeated effort. International marketing is one arena where slow and steady can, indeed, win the race.

For today, the Ontario farmer is somewhat at the mercy of economic influences beyond his control. The international situation I described a few moments ago is having a definite effect on the Ontario farm. These forces have resulted in a situation where the agricultural economy of this province today is characterized by falling land values, increasing costs for some production inputs and relatively high real interest rates, as farming is perceived to be a riskier business by lending institutions. These would be difficult enough to deal with in themselves without the added blow of low prices for the finished products.

In response to this, this government and the Ministry of Agriculture and Food have come up with a two-pronged approach. We do have plans to assist in the long-term growth and development of the industry, but we also have to help ensure that this industry can sustain itself in the short term. We have provided the fuel for this attack on the problems facing Ontario agriculture through our financial assistance programs. Both our budgets, in November 1985 and May 1986, have contained substantial increases in funding for my ministry to benefit the people in this industry. We have put these funds to good use to support new research, new assistance programs and new policy directions. This has not been done on a random or hit-or-miss basis. It is part of a consistent, logical, long-term approach.

One of our first acts was to develop a blueprint for where we want the ministry to go in relation to the industry and the people it serves. This

blueprint is our long-term strategy for the Ministry of Agriculture and Food. In this process, the first question to answer before we can get to "Where are we going?" is "Why are we here?"

There are two aspects to the mission of this ministry. One is to encourage an efficient and competitive agriculture and food sector. While doing this, we also want to protect and enhance the natural and human resources of this sector for the wellbeing of all the people in Ontario.

16:00

To achieve these goals, we have come up with a strategy that focuses on four areas: competitiveness, financial stability, training and education, and soil and water management.

In the area of competitiveness, we want to co-ordinate marketing and research to help us to maintain present markets for Ontario products as well as to develop new ones. Research has such an important bearing on our agricultural future that I would like to deal with it later on its own. In addition, as part of our plan to boost competitiveness, we are working with the members of the industry towards long-term strategies that will discourage overproduction and unnecessary surpluses.

As well, we have to develop industry expertise and encourage the adoption of new technology, the timely use of available information and improved business management methods. We will also need innovative market support measures, ones that do not interfere with the established rules of national and international trade. We must capitalize on market opportunities resulting from changing consumer demands and population shifts. Where imported products have established a market, our task is to find a way to produce these in Ontario where this is practical.

Through all this, we fully recognize the importance of the private sector. It is those who run the family farms and the small business entrepreneurs who make this industry run. We want to give these people a greater voice in how we do what we do. For example, take our recent reorganization of the Farm Products Marketing Board. This group has an important role to play. It oversees the activities of all the marketing boards in Ontario.

Very early in the game, Ontario farmers began to band together to pool their products for sale. This led to the rise of farm co-operatives which in turn, in the 1920s and 1930s, gave way to a tighter form of marketing organization, including all those people who produced a certain

commodity. With the support of the government of the day, farmers did this to gain better returns and more stable prices, and to improve their own bargaining position.

Like anything that has been around for a long time, the system was beginning to show its age. We wanted to improve it, to put it more in touch with the marketing realities of the 1980s. If anything, the need for producers to have a say in how their products are marketed is even greater today. We wanted to ensure that the state of farm products marketing remains healthy, competitive and efficient.

The previous Farm Products Marketing Board was made up entirely of civil servants. I wanted to open up this organization to new viewpoints and new ideas and to broaden the board to include a majority of members from the outside. The new-look board has 14 members: six civil servants and eight members representing producers, processors and consumers. All in all, these changes will help us to be more responsive to the needs of the real world and will help to better the competitive position of Ontario's agriculture and food industry.

A few moments ago, I outlined some of our long-term goals that will help maintain and improve our competitive position. Now I would like to look at how we translate some of these objectives into policies and programs for today and tomorrow.

Let us take the example of the pork industry. There are 15,000 pork producers in Ontario. Pork is our third most important area of primary production in terms of farm cash receipts. This is an industry with obvious potential and my government wanted to help ensure it meets its potential. We wanted to boost the competitiveness of Ontario's producers and encourage them to make improvements in the production and financial management areas of their operations.

That is why we introduced the Ontario pork industry improvement plan. This is a five-year, \$54-million commitment to pork production in Ontario. It is a comprehensive assistance package that will make positive contributions to the upgrading of the industry. The production initiatives of the program are aimed at improving the efficiency, profitability and competitive position of Ontario's pork producers. The program will do this in areas such as herd health, swine record-of-performance testing, artificial insemination, housing and feeding practices, production and financial management and swine research.

On this latter point, I should mention that we are putting \$5 million of new money into new swine research programs. I stress it is not our intention to increase the numbers of pork producers in Ontario. Instead, the aim is to help existing producers improve their efficiency. This program is already starting to pay off for Ontario's pork producers. In the few short months since it was announced, we have done a major mailing to producers explaining the program details.

These people must like what they see because 1,300 pork producers have already signed up. That is about 20 per cent of the number we are shooting for in total. In establishing this program, we wanted to encourage producers to adopt better management methods such as artificial insemination, but we have also taken into account that artificial insemination is in rather an embryonic stage when it comes to the pork industry, compared with its wide acceptance in dairying, for example.

To strengthen this industry and encourage producers to take advantage of this technique, my ministry is doing more than offering grants to hog producers under our incentive program. We have also committed \$100,000 for research to develop more effective processing techniques for frozen semen. We have pledged financial support to the Ontario Swine Artificial Insemination Association.

Currently, less than two per cent of Ontario hogs are bred using artificial insemination, so there is room for a significant increase over the next five years. Hand in hand with these programs to improve pork production, we are looking at the processing and marketing of pork products. That is the focus of our new \$10-million marketing assistance plan for pork.

This program will explore new export opportunities and provide grants for modernizing and upgrading plant facilities, with an emphasis on new technology. It will also identify the domestic demand for pork products. This incorporates a major survey of consumer attitudes as well as a variety of export initiatives.

In addition, the program offers capital funding of up to 25 per cent of the cost of an approved project to a maximum of \$2 million for Ontario pork slaughtering, packing and further processing plants. These grants cover such items as plant upgrading, adopting new technology and developing new products. The final details on this program were announced only on October 21, yet we have already received two major submissions for assistance. The idea is to use these funds

to enhance the competitiveness and efficiency of these operations.

This industry provides 14,000 jobs in the slaughtering and meat-processing plants in Ontario. In cash terms, pork shipments from the meat-processing sector are valued at \$1.2 billion a year. Add to these 14,000 jobs the 15,000 primary producers and you can see 29,000 good reasons why we have beefed up our commitment to the pork industry.

I would not want you to think we have had nothing but pork on our plates for the past year. We have also been vitally concerned with the future of Ontario's fresh fruit and vegetable industry. This is an area where we are competing head to head with imports, but we have one big advantage: we can beat them on the grounds of quality and freshness.

We have designed our Foodland Ontario advertising campaign to take advantage of this. This time, we are taking a more aggressive tack. The Foodland Ontario domestic marketing program was enhanced by \$1 million to expand promotion in supermarkets, food media, agricultural organizations and the food service industry. The previous campaign slogan, "Good things grow in Ontario," said we were as good as anyone else. Our new one, "Ontario, there's no taste like home," says we are better.

We are not only trying to support our fresh fruit and vegetable industry to a large degree through our advertising; when it comes to delivering the goods we also want to help ensure they have the goods to deliver. The Ontario fruit and vegetable quality improvement program represents a \$6-million commitment to this industry, approximately \$2 million a year each fiscal year until March 31, 1989. It covers up to 40 per cent of the capital costs of equipment used in cooling or conditioning. Thus far, we have approved assistance for 73 such installations worth a total of \$2 million. The government's share in these projects comes to more than \$840,000.

16:10

By means of this program, we are aiming to increase the shelf life of Ontario produce by improving methods and equipment used throughout the industry. This will translate into increased demand by retailers for our domestic products. As well, extending the marketing season for Ontario produce should pay off in import replacement. Further to this, there is the potential for beating the competition at its own game—increasing export sales of fresh Ontario produce.

This initiative complements the major study of the industry that my ministry is conducting along with the Department of Agriculture and the Ontario Fruit and Vegetable Growers' Association. Two of the chief concerns of this study are continuity of supply and consistent product quality. These line up perfectly with the objectives of our new program. By enhancing Ontario's ability to supply its markets with high-quality produce, we can help boost returns to producers, increase employment and benefit consumers.

While this program is primarily aimed at fresh fruits and vegetables, we recognize that not all Ontario's produce winds up on the fresh market. Processed foods made with Ontario fruits, vegetables and other farm products also represent a multibillion-dollar business in this province and an important source of income for Ontario farmers.

Ontario is home to about 40 per cent of Canada's food-processing industry and an important element of this business is the small food processor. My government recognized that this sector of the industry had been particularly hard hit by financial problems and overlooked by programs of the previous government.

These financial problems have been severe enough to lead to the closing of several plants. This, of course, has a negative spinoff effect on the incomes of our food producers when they have fewer outlets to sell their crops. To counteract this, I established the Ontario small food processors assistance program.

This \$6-million program is designed to meet the specific needs of small food processors, who often lack the expertise and resources to obtain information on markets and competition. It also helps encourage processors to modernize their equipment and adopt new technology in areas such as packaging and energy-saving equipment. This is a program specifically developed for small food-processing companies. To see that this remains small, projects that cost more than \$250,000 are not eligible for this assistance.

The program is made up of three parts. First, there is assistance covering up to one third of the cost of modernizing and expanding processing operations, to a maximum of \$50,000. Second, firms can receive 50 per cent of the cost of market research studies, to a maximum of \$7,500. The third provision is assistance for small processors to conduct feasibility studies and for counselling on obtaining private sector financing. These grants amount to 50 per cent of the cost, this time to a maximum of \$3,000. This program seems to

fill the bill, as 130 small food-processing companies have already applied for this assistance.

Our overall objectives for this program are to increase employment, provide additional opportunities for agricultural production, enlarge the potential for import replacement and increase the opportunity for exports. These are some examples of what we have done to bolster the competitive position of Ontario's agriculture and food industry.

There are many others: our cream quality improvement and assistance programs, for instance. However, I think by now you can see that boosting Ontario's competitiveness is not some hollow, ivory tower phrase at the Ontario Ministry of Agriculture and Food. With us it is a concrete, achievable goal, one that we have already taken great strides towards reaching.

We are also making real progress towards the second objective in my ministry's strategy, greater financial stability. Food producers and all those in the industry need a basic level of financial stability. Without this, how can we expect them to plan for and cope with the increasingly rapid changes in the marketplace? We want to ensure that a safety net of financial services exists for these people. This can take many forms, such as crop insurance.

Speaking of crop insurance, I should make it crystal clear that the government strongly backs this concept. However, while we are committed to crop insurance as an ideal, we are not wedded to any rigid notions of how the system should work. As minister, I am prepared to listen to anyone who has a better idea on this. That is why I have begun the current review of the crop insurance system. We are working with the Ontario Federation of Agriculture on this. The OFA has already recommended some changes to the system and has identified other areas that need more study.

I intend to encourage other farm groups and individuals to bring forward submissions on this in a public review process that will take place in January, February and March 1987. I look forward to an interim report by the end of April and a final report in the summer. If we can work out ways to make the system work better, I am all for it.

Financial stability is one of the overriding priorities of the Ontario government when it comes to the food and farming sector. That has certainly been the aim of many of the financial assistance programs we have put in place in the past year. In fact, that was the policy direction of

some of our very first moves as a government. When you think of financial stability for Ontario food producers, one of the first things that comes to mind is our variety of stabilization programs. Stabilization is a concept this government very strongly endorses.

That is why we have added a stabilization program for growers of oats and spring and winter canola. This is part of the 1986 provincial grain stabilization program, which also includes corn, soybeans, white beans, winter wheat and barley.

In addition, we are providing a payment to the province's potato growers of almost \$500,000 to make up for the record low prices growers received in 1985. We were disappointed that this action was not backed up by similar financial support from the federal government, even though Ottawa was asked to do so by the potato growers themselves.

This payment is being made in anticipation of a potato stabilization plan being set up. It represents what growers would have received if such a plan had already been in existence. This is similar to the more than \$30 million we paid out to red meat producers in this province last year, in advance of the new national tripartite stabilization plan taking effect, covering 1986.

With the tripartite program for red meat, we are trying to break new ground. We are working with producers and the federal and other provincial governments on a new twist in stabilization. There are bound to be some bugs to be worked out. This is something that has never been tried before, but it definitely has the support of producers.

The startup of the program was staged to reach full coverage by the third quarter of 1986. We now have more than 5,000 hog producers enrolled through the Ontario Pork Producers' Marketing Board. In addition, we have 2,500 slaughter cattle producers, 1,600 cow-calf producers and 240 lamb producers signed up for the national tripartite program.

The fund that backs up this program is strong. The three partners—Ontario, Ottawa and the producers themselves—put in more than \$11 million for the third quarter of 1986 alone. This includes \$3.7 million as the government's share.

As necessary and beneficial as stabilization is, there was also a need to provide increased financial stability for a broader range of family farms, regardless of the commodities they produce. That was the aim of our original OFFIRR program, the Ontario family farm interest rate reduction program. According to

farmers, this was a very successful initiative, which we introduced last year. Across Ontario, this has meant about \$46 million to more than 9,500 farm families thus far, and some applications are still pending approval.

16:20

We initially saw this as a one-year program, but as you well know conditions have not improved in the intervening time. If anything, they have become worse, for all the reasons I outlined at the beginning of my presentation: the international trade picture, low prices, product surpluses and the lingering effects of high interest rates.

All these factors cried out for some follow-up action to the Ontario family farm interest rate reduction program. We responded by expanding and extending it earlier this year, and again this month, with the package of further enhancements that we call OFFIRR Plus.

There are some very important pluses in this package. We recognize that the combination of poor commodity prices and record-breaking adverse weather conditions dealt a crippling blow to many producers in the province. Even established producers need some support to bridge this unusually difficult period.

We wanted to broaden the eligibility for OFFIRR to deal better with the economic hardship that Ontario farmers are facing right now. OFFIRR Plus raises the limit on the amount of farm debt eligible for interest rate reduction by \$100,000, from \$260,000 to \$360,000. At the same time, we are opening up the program to more farmers. We are increasing the net worth level at which benefits begin to reduce from \$500,000 to \$750,000. As in the earlier versions of this program, there are also reduced levels of assistance available for those whose net worth is over this limit. We expect 18,000 farmers to apply for OFFIRR Plus.

There is another plus to OFFIRR Plus for those taking part in Ontario's beginning farmer assistance program. It is important to recognize that those just starting out in the industry usually do not have the resources to withstand difficult circumstances that established farmers have. That is why we are making these changes. Under OFFIRR Plus, the requirements have been changed to provide increased benefits to beginning farmers. The maximum eligible debt under OFFIRR will no longer be reduced by one dollar for every dollar that is covered under the beginning farmer assistance program.

Most farmers in Ontario are being hurt by low prices, but to some 1986 dealt a double blow.

Earlier this summer I toured areas throughout the province that had been devastated by rain and hail. At that time I promised I would study all possible ways that we might help the farm people beaten up by Mother Nature.

Therefore, as part of OFFIRR Plus, we are including a one-year provision for those affected by the adverse weather we experienced this year. For eligible producers who suffered a crop loss in excess of 30 per cent, OFFIRR Plus provides adverse weather assistance. This can reduce interest by an additional eight percentage points on debts equal to the value of the crop losses over 30 per cent, up to a maximum of \$250,000. In most cases, this would mean interest costs cut back to zero. This adverse weather provision is meant to work in concert with the OFFIRR program.

This means that an eligible producer can receive benefits on top of the regular OFFIRR benefit if more than 30 per cent of the crop has been lost. We expect to help out 3,000 to 4,000 producers with about \$10 million in compensation for the bad weather they experienced this year.

I am sure the producers affected recall the promises of financial support made by the Honourable John Wise, the federal Minister of Agriculture. I have said to the federal minister on repeated occasions that now is the time to make good on those promises to join in Ontario's financial commitment.

Taken together with the amendments I announced earlier this year, OFFIRR Plus is expected to pay out an additional \$96 million to bring the total to \$246 million over the next three years. OFFIRR Plus is a positive response to the commitment I made to the affected farmers, at the time of this year's bad storms, to do what I could to help.

The weather provision benefits do not affect crop insurance coverage, and participation in crop insurance programs is not a factor in deciding who is eligible or in establishing the amount of assistance.

In total, the 1986-87 budget increases, which include OFFIRR Plus, have meant an overall budget increase for this ministry of 56 per cent in the 17 months we have been in office. We have used this increased funding to take action on more than 50 different initiatives. OFFIRR is the flagship of our plans to improve the financial stability of the Ontario farming community. We are proud of OFFIRR and what it has done, is doing and will do for the farm families of Ontario.

Not only is it working well, but I have no hesitation about stacking OFFIRR and its benefits up against the programs of any other jurisdiction in this country when it comes to help for the farming sector. You hear a lot of talk about the merits of programs in Alberta and Saskatchewan and about how the provincial governments there are doing so much more than Ontario is. I submit that this argument does not hold up to close examination.

Let us look at the much ballyhooed program in Alberta. The headlines are full of how this is a \$2-billion program for Alberta farmers, but in fact this is far from a direct transfer of \$2 billion. Alberta farmers will likely never see anything approaching this amount of money. The Alberta program is nothing more than a loan guarantee of up to \$200,000 per farmer, with interest rates down to nine per cent. The estimated direct expenditure by the Alberta government on this program for 1986-87 is approximately \$40 million.

It is easy to throw around a big number such as \$2 billion, especially if you know you do not actually have to pay it. Compare the real amount of this program for 1986-87—\$40 million in Alberta—with Ontario's enhanced family farm interest rate reduction program and with OFFIRR Plus. Our offer is for interest rebates on loans of up to \$360,000, bringing interest down to eight per cent. Ontario's expenditures on the OFFIRR enhancement and OFFIRR Plus for 1986-87 will exceed \$65 million, or more than half again as much as Alberta's program.

Moreover, this is a grant program. Rather than guarantee the banks' profits, Ontario has chosen to make its payments directly to farmers. This also means that Ontario will be spared the painfully real possibility facing the government of Alberta, that of having to call a loan and force a producer off the farm. That could easily happen to the government of Alberta, and to the government of Quebec as well, because of the way they have structured their programs.

Saskatchewan has approached this from a slightly different angle, and much is made of the fact that it is offering its farmers government assistance at six per cent. Saskatchewan indeed made money available at this interest rate through loans of \$25 an acre per farm. But this was only a one-year program, as opposed to three years for Ontario's new OFFIRR program. In addition, a Saskatchewan farmer would have to farm 8,640 acres to receive the same subsidy payment as the OFFIRR rebate that an Ontario farmer receives on \$360,000 with interest rates at

eight per cent. The catch is that the average farm in Saskatchewan is not 8,640 acres but 925 acres. Therefore, both Ontario's farmers and Ontario's taxpayers are getting a better deal with OFFIRR.

There is a typographical error in here. A Saskatchewan farmer would have to farm 8,640 acres to receive the same subsidy payment as the OFFIRR rebate that an Ontario farmer receives on \$360,000 with interest rates at 11 per cent. That should be 11 per cent rather than the eight per cent I indicated earlier.

When it comes to the second area of our strategy, financial stability, we intend to keep building on the gains we have already made in these areas.

16:30

At present, we intend to target future assistance programs to specific areas of the industry that need it most. We have done this with other programs we have introduced in the past year, such as our assistance measures for farmers in transition. Farmers in transition was a pioneering program. One thing that is often overlooked is that this program helped many farm families stay on the farm. Not everyone who was on the edge of a financial crisis had to leave the farm. With some sound business advice and moral support, many turned their operations around and kept on farming. Through it all, the people who were the first point of contact, the ones who helped farm families in these circumstances, were our family farm advisers.

My ministry is continuing to provide this service. In the year that it has been operational, we have logged more than 1,400 calls helping farmers understand their rights and get assistance with financial and personal matters. When we brought this program in, it marked the first time a government had had the courage to acknowledge that not every farm family was going to be able to make a go of it, and not only to acknowledge this but also to do something about it. Recognizing this, we brought in positive ways we could help ease their change of lifestyle. The federal government must have seen the merit in our approach. Ottawa copied this idea for its Canadian rural transition program.

Another way we will be working towards our strategy's long-term goal of financial stability will be through greater co-operation with the private sector to develop innovative financial methods. We especially want to enhance access to financing and emphasize credit stability. Competitiveness and financial stability are the first two goals on my ministry's list for the future prosperity of the industry.

Third is education and training. As a ministry, we want to help people in the industry develop their technical and managerial skills. That is one reason we support degree and diploma programs at the University of Guelph and at the colleges of agricultural technology around the province. That is why we nearly doubled our funding commitment to the Ontario Veterinary College this year, from \$1.8 million to \$3 million. This was done under the farm animal health improvement program.

It is our intention to increase further our support for the Ontario Veterinary College under this program during the next five years. This year's additional funding will cover the cost of operating a large animal clinic at the college and will finance improved clinical teaching facilities at the veterinary teaching hospital. It will also help support OVC's popular externship program, which allows students to work with practising veterinarians.

Guelph is not the only campus where we have increased our support for education. We are also investing \$1.4 million in a new agronomy research lab and other facilities for New Liskeard College of Agricultural Technology.

Part of being committed to education and training means being open to new ideas. This in turn means continually re-evaluating our programs. That is why I set up a special group to look at agricultural education. This task force is studying the possibility of other options in addition to our present two-year diploma courses. This group is examining alternatives such as co-op programs and certificate courses of various lengths, anywhere from one week to one year. This team is also looking at a three-year honours diploma to provide for a more in-depth education program tailored to the needs of the industry.

We are also evaluating the needs for specialized education in conjunction with other agencies. We are adding computer conferencing and video courses to the programs we offer for independent study. Through these measures we are trying to give our food producers and the other people in the food-related industries the tools to do the job.

Education and training also include the activities of the rural organizations and services people in my ministry, who work towards developing and strengthening the leadership abilities of rural people and making their organizations more independent. The advanced agricultural leadership program is one of the more ambitious ways we do this. The first group to take part is now nearing the end of its two-year training program.

A new group will be enrolled in March 1987. The application deadline for the second two-year term of the program is coming up on December 15. You may know people you would like to encourage to take part in this unique and very worthwhile exercise.

Our education plans do not stop with Ontario's rural people. Education of the nonrural population is equally important and will continue to be so in the future. Programs for nonfarm students will play a vital part in our long-range plans for education and training, as will the efforts to reintroduce agricultural subjects into mainstream secondary school programs. Agriculture in the classroom will be the focus of a major conference in Ontario in the spring, one in which we will be taking part.

Education and training is the central focus of a wide range of ministry activities, from the one-on-one extension efforts of our local field staff to the short-term courses, seminars and workshops we run in all parts of Ontario.

The food production and processing industry in Ontario can only be as up to date and state-of-the-art as the people in it. Keeping these people on the leading edge of technology and giving them what they need to work most efficiently and effectively requires constant attention to this third component of my ministry's strategy. We are working closely with the Farm Machinery and Food Processing Technology Centre in Chatham to provide some of these services to this sector.

When we talk about the transfer of the latest technology to the people who need it most, no area of technology is more vital than soil and water management. That is my ministry's fourth priority. Perhaps this is a case of "the last shall be first." There is nothing more important to the long-term success, even the very existence, of large segments of our food production industry than proper stewardship of our soil and water. We have a number of initiatives on the books aimed at preserving the land and resource base on which this industry depends.

The soil conservation and environmental protection program provides grants to encourage farmers to build erosion control measures. In addition, there is assistance for livestock producers to update their methods of handling waste products. We have refined and improved this program and streamlined the application process by reducing the engineering requirements for erosion control works. We have also extended the term of the program by two years.

Then there is Tillage 2000, a program we are taking part in along with the University of Guelph and the Ontario Soil and Crop Improvement Association. Tillage 2000 is a long-term research and demonstration project. It takes place on the farm in farm-scale field trials on several acres rather than on small research plots. On the farm, we are dealing with the whole management system when it comes to evaluating tillage techniques. Our objective is to find the best conservation tillage system for specific soil types, climate zones, crops and farming operations. We want maximum production efficiency and minimum soil degradation. We will be conducting these field experiments on as many as 40 different farms over the next five years.

Ontario is also a firm believer in the benefits of farm drainage as a means of increasing productivity and efficiency. You could make as good a case for including drainage under the competitiveness section of our strategy as for including it under soil and water management. It does boost competitiveness, but a secondary and equally important role is in the gains made by reducing runoff and the potential for soil erosion.

Ours is not just moral support. While the Tile Drainage Act has always called for maximum loans of 75 per cent of the cost, the practice of previous governments was to hold the ceiling at 60 per cent. For our part, we have backed up our endorsement with more financial support for tile drainage loans to farmers. We have increased the maximum loan available from 60 per cent to 75 per cent of the cost, or \$20,000 per farmer, whichever is less. While doing so, we have held the interest rates on the Ontario tile drainage loan program to eight per cent.

We also changed the way we purchase municipal debentures to cover the cost of approved projects. This year, we began buying these on a first-come, first-served basis. This eliminates the need to allocate and then monitor budget amounts of each participating municipality. These changes were made to speed up the procedures for getting the money to the farmers in areas where it is needed most.

16:40

Another long-term measure is the soil and water environmental enhancement program. SWEEP is a co-operative \$30-million program we have agreed to take part in with the federal government. It is aimed at reducing phosphorus runoff entering the Lake Erie basin. It is estimated that as much as 200 tonnes of phosphorus a year entering these waterways come from farming operations. My ministry has

pledged to do its part to help the farming community reduce the burden on the environment. After all, few sectors of the economy have a greater need for water as one of their raw materials. It is up to all the individuals and agencies involved to help ensure that water, the land and the soil remain sustainable resources.

Related to this issue is the matter of land use planning in Ontario and the preservation of our food-producing lands. We have addressed this with our policy statement on food land preservation, which will become part of the province's Planning Act and replace the Food Land Guidelines. The Planning Act calls for public consultation in the development of planning policy.

For this reason, when our proposed food land preservation policy statement was drafted, we circulated it for comment. The result was what anyone would have to call a thorough process of consultation. Altogether, my ministry received 465 written submissions in response. At present, we are in the midst of the lengthy process of analysing and evaluating this diverse range of opinion and comment.

My ministry is also considering the revisions that may be appropriate in the policy statement. We are also reviewing our policy statement proposal in the light of the recommendations of the Minister's Right to Farm Advisory Committee. This committee recommended new legislation to protect farmers from nuisance actions, providing they were following normal farming practices.

This suggested law would also require that permit criteria be established for future land severances in agricultural areas. This would help to ensure that residential lots do not create a potential conflict for neighbouring farm operations. The committee recommended that minimum separation distances should be one of the permit criteria used for severances, as well as for the construction of new residences and livestock facilities.

My staff is considering the recommendations of the right to farm committee, in conjunction with the public comments on the proposed policy statement. I will be in a better position to make more detailed comments on these two interrelated issues shortly.

The four goals of my ministry's strategy—soil and water management, education and training, financial stability and competitiveness—are interwoven and interdependent. There is not much point in coming up with new education and training opportunities without the financial stability to let people take advantage of them.

By the same token, it is pointless to educate food producers and establish a financial safety net to keep them producing if consumers are not buying their products or if their quality and prices are not competitive. Through it all, productive soil and clean water are the two building blocks of the industry. Without these two key pieces of the puzzle, our other activities are for naught. Each of these areas is one leg of a table. It is hard to say which one is most important because the table will not stand up without all four.

The government as a whole recognizes these priorities. The last budget contained new initiatives in the areas of financial assistance, marketing and research. It is encouraging that OMAF's strategic plan matches so closely the Ontario government's agenda in this regard.

At the national level, the comment is often made that Canada needs freer trade within this country. There are difficulties in the movement of goods, especially agricultural commodities, between provinces. In the past, there have been occasions where rivalry and competition seemed more the order of the day. There were times when this seemed not so much a country but, as someone once said in another context, "a loose confederation of warring tribes."

It is the responsibility of the federal government to treat all provinces fairly. Unlike some people who feel the federal government has done all it can and cannot do any more, I was glad to see that Ottawa had pledged efficiency payments for Canada's food producers. A little more than a week ago, I was in Ottawa to support the stand of Ontario's farm organizations on the allocating of \$1 billion in deficiency payments promised by the federal government. Ever since Prime Minister Mulroney first made this announcement, I have urged fair and equitable treatment for all the farmers of this country. All have been hurt by the adverse economic factors and all should share equally in the federal government's financial response.

If you look in the dictionary, you will find one definition of "fairness." You do not find one for Saskatchewan, another for Quebec, a third for Ontario and so on. At our meeting in Ottawa, I stressed the need for equal treatment for all Canadian farmers. I felt that the first ministers' meeting last week was the perfect time to remind my federal counterpart again of Ontario's expectations on this issue.

From the point of view of history, there is room for greater co-operation and compromise between provinces. The best place for this to occur is at the national level. That was the goal of

Canada's first ministers at their meeting last year. For the first time ever, agriculture found a dominant place on the agenda at that meeting. What was supposed to occupy a few hours of discussion wound up taking all day and then some. The outcome was that I and my federal and provincial colleagues were asked by our first ministers to develop a draft of a national agricultural strategy. They wanted to consider this document at their 1986 meeting. It was tabled there earlier this month.

This is a first for this country. As I said earlier, the provisions and priorities of this national strategy match up very closely with my ministry's goals for the Ontario industry. Many of the same themes are carried through in this national document. There is a focus on research, the importance of technology transfer, a concentration on soil and water management and on competitiveness and the need to provide financial stability to the Canadian farm family.

Research is one of the cornerstones of the industry in this province and in this country. It is a big part of what determines our competitiveness. For example, let us take our commitment to aquaculture. This is a relatively new area of food production for Ontario, but it is becoming more and more common here as it is around the world. It is estimated that 20 per cent of the world's fish production now comes from aquaculture.

In addition to its traditional base in the far east, fish farming is now expanding into North America and other parts of the world at a rapid rate. In the US alone, it is growing at a rate of about 15 per cent per year. In the past decade, the output of Ontario's fish farms has increased 10 times. I have seen estimates that by the year 2000, more than half the fish we eat will come from fish farms.

For these reasons, my government has pledged \$3.7 million to the future of aquaculture in this province. A major portion of this financial commitment is being used to construct the Alma research station. This will be a research facility with a difference. It will have enough space and the proper facilities to allow experiments to resemble more closely the real world and to be conducted on a farm scale. Aquaculture has the potential to increase fivefold in the next decade in this province. The new aquaculture research station will allow us to carry out the research and development needed to help this industry achieve its full economic potential. Fish are a new cash crop for Ontario.

16:50

Aquaculture is not the only area where a little push on the research and development side can open new doors for Ontario food producers. That is the intent of two other major research programs I would like to bring to your attention. Ontario sees research as a key to this industry's future prosperity, as it has been in the past. Most of the major scientific breakthroughs in agriculture in this country have been made in Ontario. The province was a pioneer in this field more than a hundred years ago, and we have never relinquished our lead. Today, our annual budget for this type of research is on the order of \$33 million a year, the highest of any Canadian province.

In addition to the ongoing programs—what might be called the mainstream of agricultural research—we have come up with some new ones. There is our crop introduction and expansion program, for example. This is designed to bring the business and research communities closer together. We want to speed up the time it takes to get new discoveries out of the lab and into commercial production.

There are many crops we currently grow in this province on a small scale or only in localized areas that have the potential for wider adoption across the province. There are others that are new to Ontario but show commercial promise. All that is lacking is the right amount of research, development and evaluation. It is the aim of the crop introduction and expansion program to provide just that, and we are devoting \$2.5 million to it.

As a footnote to this program, I should mention my ministry's crop transition team. It could well be that some of the crops being tagged as having greater potential will be just the ticket for Ontario farmers looking to switch to some other crop. The relevance and appeal of this program to tobacco farmers is obvious, given today's production and marketing conditions. However, it was not designed for them alone. Our three-person team is a focal point for information on crop options. We want it to be the source of production, economic and marketing analyses, to enable all producers to choose the most effective transition crops.

On top of the crop introduction program and our other research efforts, my government felt there was room to get involved in what might be called high-risk research. These are the projects that do not quite fit in to the mainstream of agricultural research, but if the risks are greater so are the potential rewards. Many experts feel this type of project is the area where scientific breakthroughs come from. We want to nurture

this kind of bold, scientific investigation, to be at the forefront of these new developments, which are occurring right now. According to the publication *Canadian Biotechnology Source*, 1986, there are some 22 Ontario firms involved in agricultural biotechnology. The future is here.

We want to maintain this leadership. That is the aim of the new agriculture and food research fund. This special initiative will see \$2 million a year for the next five years invested in innovative projects and new research directions. We will be looking for the new and the nontraditional in areas such as biotechnology, environmental engineering, processing and packaging. Under this new program, we intend to encourage more market-oriented projects and even to encourage outside capital to enter into joint ventures. Through this new program, we will be able to strengthen the future competitiveness of Ontario's agriculture and food industry without affecting any existing or ongoing research projects.

I expect this program to be fully operational early in the new year, after we have worked out the details with the Agriculture Research Institute of Ontario. I have asked ARIO to help us in co-ordinating this new effort. This group already oversees the province's agricultural research programs. We want to be sure there is no duplication of existing research efforts.

Judging by past performances, agricultural research is one of the best investments we can make on behalf of all the people in this province. Studies have found that, on the average in Ontario, each dollar we invest in agricultural research pays back \$40. This works out to about a 60-40 split, with 60 per cent of the benefits going to food producers and the remaining 40 per cent split between processors and consumers.

Our belief in and support for research is one more way my ministry demonstrates its commitment to Ontario's agriculture and food industry. At the recent presentation of the Ontario Federation of Agriculture's brief to cabinet, both the Premier and the Treasurer (Mr. Nixon) reaffirmed this.

In all the actions of my ministry, we have shown that agriculture and food remain a top priority of this government. This can be seen in our involvement in the national agricultural strategy, with its attention on ways in which Ottawa and the provinces blend their efforts to the greater good of the whole country. It can also be seen in our programs to help farmers help themselves. We are constantly re-evaluating what we do and ways we could do it better, as we

are currently doing with the crop insurance program.

We are constantly searching for new ways of bolstering farm families through stabilization and other financial assistance programs. The aim of these is to sustain the people in the industry in the short term; but we cannot overlook our long-term goals for the future of farmers and consumers. The people in this industry are not giving up on it and neither is this government.

The students who are enrolled in our agricultural colleges, the 2,000-plus people who are taking part in Ontario's beginning farmer program, have faith in the future of this industry, and we have faith in them. This industry perhaps more than any other throughout this province's history has been characterized by ups and downs. It has weathered tough times before and with its characteristic resiliency and determination it will come through the present time of difficulty with a little help from its friends. I count the government of Ontario and its Ministry of Agriculture and Food very high on that list of friends.

At this point, I would like to turn to my deputy minister, Dr. Clay Switzer, who will lead us through a short look at the organization of the Ministry of Agriculture and Food.

The Acting Chairman (Mr. Knight): Thank you for your comprehensive statement, Minister; you can take a rest now. As you said at the outset, you were going to set the stage and then let Dr. Switzer make a presentation.

Dr. Switzer: I will be brief. If you turn to page 7 of the estimates book, that is probably the quickest and easiest way to do this. On that page is the Ministry of Agriculture and Food organization chart. I thought it might be helpful to the committee if I took you through this chart quickly, to point out how our ministry is organized. I will take a minute or two to demonstrate some of the changes that have taken place since we last met in this room. I hope this will be helpful to you, as you seek information on our estimates.

I will take you across the top first and then down, reading from left to right. The setup of our ministry is that we have several tribunals and boards that refer directly to the minister, i.e., the Farm Products Appeal Tribunal, the Ontario Food Terminal Board, the Ontario Stock Yards Board, the Agricultural Research Institute of Ontario, the Ontario Farm Machinery Board, the Ontario Agricultural Museum Advisory Board and the Ontario Agricultural Council. These boards report directly to the minister.

17:00

Our ministry is divided into three wings, each headed by an assistant deputy minister. Reading from left to right, the first of these wings I will mention to you is our marketing and standards group, headed by an assistant deputy minister, George Collin. In that area we have two divisions, one relating to marketing and the other to quality and standards, and in each of those there are three branches. The marketing division has a farm products marketing branch, a market development branch and a food processing branch.

I point out that since we last met in estimates, a new chairman has been appointed to the farm products marketing branch in the person of Ken Knox. I should also reiterate, as the minister has pointed out, that our Farm Products Marketing Board has been reorganized since our previous meeting. I regard this as a very significant step in the whole area of supply management and marketing.

Under the quality and standards division of that wing we have three branches: livestock inspection, dairy inspection, and fruit and vegetable inspection. We have added a new director since our previous meeting, in this case in the person of Dr. Jim Ashman, the director of dairy inspection.

The second wing of the ministry deals with finance and administration and is under the guidance of an assistant deputy minister, Rita Burak. There are seven branches in that wing including the foodland preservation branch under the directorship of Donald Dunn, the farm assistance programs branch with Nancy Bardecki as director and the crop insurance and stabilization branch. You might indicate that Bill Regan is now acting director of that branch in place of Morris Huff who is indicated in your book. Some of these books were prepared when we were expecting to have estimates at an earlier date and some changes have taken place since that time. This is one of them.

We have a management systems branch headed by John Galloway. This is a new one. It was put in place within the past year and obviously relates to our interest in having better control of our whole systems area. John Galloway is a fine person to head up that branch. The other branches in Rita Burak's wing are the financial and support services branch under the directorship of Michael Keith, our personnel branch headed by Robert Johnston and our audit services branch headed by Verne MacDonald.

The third wing of the ministry is technology and field services and is headed by ADM Clare Rennie. It has two divisions: one is education and research headed by Rob McLaughlin and the other is advisory and technical services headed by David George.

Within the education and research division we have eight branches or colleges. First is the rural organization and services branch. There has been a change of director since we last met in the person of Jack Hagarty. The other branches or colleges are the Horticultural Research Institute of Ontario headed by Frank Eady, the Alfred College of Agricultural and Food Technology headed by Marcel Paulhus, Centralia College of Agricultural Technology with Doug Jamieson as principal, Kemptville College of Agricultural Technology with John Curtis as principal, New Liskeard College of Agricultural Technology with Bill Allen as principal and Ridgeway College of Agricultural Technology with Don Taylor as principal. Finally, we have the Ontario Agricultural Museum headed by John Wiley.

In our advisory and technical services division we have six branches: the agricultural representatives branch headed by Norris Hoag, the animal industry branch headed by Jim Pettit, the plant industry branch headed by Ralph Shaw—he has been the new director in that branch since about a year ago—the agricultural laboratory services branch headed by Richard Frank, the veterinary laboratory services branch headed by Jim Henry, and the soil and water management branch headed by Vern Spencer.

The soil and water management branch has been in place for just about a year. It is a relatively new reorganization in the ministry and was put in place very much in keeping with the point the minister made several times in his opening remarks about the importance and the high priority we are giving to soil and water management in Ontario. With a branch, headed up by Vern Spencer, specifically related to soil and water management, we feel we can give that area the kind of attention it requires.

There is only one other thing I would like to point out to you and again I can do it most easily by using this book. Will you turn to the back of the book, appendix 6, pages 93 and 94? You might be interested in looking briefly at the scope of our operation.

Our head office is in Toronto and we have listed where our various operations are and the number of regular employees we have working in those various areas. You will note at the bottom of page 94 that our staff at the time of printing

totalled 1,570 regular employees. You can see by quickly scanning pages 93 and 94 that with the exceptions of the concentration of 335 at the head office at 801 Bay Street and at the Guelph Agriculture Centre, the rest are spread across the whole province. It is important to recognize this in the way in which our programs are carried out and the way in which we interact with our clients in this province.

That is probably enough from me at this point. I wanted to give you this information with the hope it would be of help to the committee in its response to the minister's opening remarks.

The Acting Chairman: Inasmuch as there is a new critic for the New Democratic Party, the minister extended an offer at the outset to make available the assistant deputy ministers—I suspect some are here—to speak on their portions of the ministry. Would Mr. Hayes or any other member of the committee like to proceed with that or do you wish to move to the critics' responses at this point?

Mr. Hayes: I would like to proceed with information from the various deputies. I appreciate your allowing me the opportunity to get an update and a little more input on what is happening right now. It will help not only myself but also some of the other members to have more insight.

The Acting Chairman: The minister made that suggestion at the beginning. I presume the minister has staff members available to speak on their areas of the ministry. If there is no opposition from the rest of the committee members and if it is a unanimous decision, we will proceed that way.

Hon. Mr. Riddell: If it is agreeable to the committee, we will call on Dr. George Collin, the assistant deputy minister for marketing and standards. The deputy minister would like to make one comment before Dr. Collin starts.

Dr. Switzer: I would like to point out to the group that I left out some important parts of our ministry. On your organizational chart there are two boxes that I omitted, going across as I did. These are important parts from which you will undoubtedly hear before our 16 hours are completed. The economics and policy coordination branch of our unit is headed by Robert Seguin. This is a new appointment; Mr. Seguin came to that appointment last January. Finally, the communications branch, which is important in getting our programs out to the general public, is headed by Richard Snell. I apologize to those

two for leaving them out. I thought it would be useful to interject at this point.

The Acting Chairman: It was probably wise to interject at that point.

Dr. Collin: I had a signal from my deputy that it should be a brief presentation, an opportunity to introduce myself. The minister has covered very well the emphasis on new programs in the two divisions of marketing and quality standards. Moreover, the deputy has talked about new staff appointments and the organization of the six branches within the two divisions.

17:10

I would like to make a brief comment that in 1985 and 1986 and at the estimates presentation last year, we put the emphasis on staff in my report because people are essential in the standards and marketing aspects of our program. Given the point that the emphasis in 1985 and 1986 was on restaffing and reorganization of the two divisions, I would like to give you a slight perspective on what the priorities are in the two divisions in 1986 and 1987.

The minister made his first point about the strategy for the ministry being competitive and most of our new programs take this strategy into account: finding the identity of best quality and competitive price in marketing our products. This year, we have put our emphasis on our annual plans and several surveys that we have under way to initiate and clarify some of the programs that now are also opportunities for us in our budget and allocation.

I have a list of 15 studies that are under way to give us the foundation of our future programs. I do not think you want to hear the details but I would like to highlight some aspects to give you a sense of direction. In the dairy industry, for example, we are undertaking a survey of cream quality to assist the cream industry and cream producers to make a transition to address the quality needs of this industry in production of cream products. We are looking at aspects in milk, testing for inhibitory procedures for faster and quicker action on active samples. That gives you some sense of where we are going in aspects of quality.

The minister mentioned the co-operative project of our ministry and the federal government in a study with the Ontario Fruit and Vegetable Growers' Association to study the fresh fruit and vegetable industry, to ensure continuity of supply and provision of best quality. That report, a major study for the industry, is expected to be available in January 1987.

In the same area, our people are undertaking surveys in a study of new equipment and technology for addressing and identifying best possible quality to make us competitive. For example, we now are evaluating new analytical techniques to determine the tenderness of processing green peas. Ontario is extremely competitive in the world market in providing the best quality of canned and frozen peas. We are doing the same thing with new technology for testing the colour references for processing tomatoes.

The list goes on. In food processing, the minister mentioned the emphasis on the marketing of pork. We are into the final stages and plans for a consumer attitudinal survey to identify Canadian consumer perceptions about pork, its quality and its use. We have undertaken a study of the Ontario food-processing industry. This study has been particularly useful in preparing for Ontario's position on the issue of bilateral trade negotiations between Canada and the United States. We have passed that type of information to the federal government on the basis of these studies.

We have looked at the pork industry in detail from a food-processing point of view to identify opportunities, constraints and strategies. I could go on to list 15 of these types of survey projects. I just want to emphasize that in the year 1986-87 we are putting the emphasis on the long-term working plans, the actual surveys and studies under way to identify the competitive advantages in marketing and quality standards for Ontario products.

The Acting Chairman: Thank you very much. Dr. Switzer, perhaps you would like to introduce the next assistant deputy minister to make a presentation?

Dr. Switzer: I will ask Rita Burak if she would also make a brief presentation. Dr. Rennie will be back shortly. He is negotiating a change in plane flights to Ottawa. However, he will be along shortly. As I said, Mrs. Burak is the ADM for finance and administration.

Mrs. Burak: I would like to point out that the funding for the programs and services in finance and administration can be found under two votes in the estimates before you today: first, under vote 1601, ministry administration program; and second, under vote 1604, financial assistance to agriculture program.

Under the first vote, ministry administration, the four branches in my division are item 2, financial and administrative services; item 3, personnel services; item 7, audit services; and item 8, systems development services. All of

these branches would be similar to financial and administrative branches in every ministry.

In terms of the administrative priorities for this ministry for this fiscal year I would like to talk about just two initiatives. In the area of personnel services, the ministry is undertaking a much more formal human resources planning exercise to recognize how important human resources are to the programs of the ministry and to delivering the programs adequately. We have set a task for ourselves this year to accomplish three primary goals.

First, we have updated the ministry's developmental performance appraisal system. There is much more emphasis these days on ensuring that people are clear about the objectives and goals that each branch and each individual has and in making sure there is a system in place to ensure that people follow up on their duties. Therefore, we are updating the system. I stress that our performance appraisal system in the Ministry of Agriculture and Food is a developmental one. At the beginning of the year we sit down with staff, identify goals and then have a follow-up meeting at the end of the year.

Second, we are emphasizing management development. We have done a great deal to try to identify managerial talent in the ministry so that when we have retirements and turnover, we have people who are trained as managers who can step in to the job. As a result, we have developed a management training program to be held specifically in the Ontario Ministry of Agriculture and Food, where we can take people who are already managers, or those who have potential, and give them some specific training related to management of the ministry's programs.

Third, we are taking a look at all the training programs and courses we run within the ministry. We want to make sure that we are covering all the areas we should. We are trying to get some input from staff on these items and to see whether we can provide any more courses in the future.

The other administrative fact I would like to highlight is that the ministry is undertaking a strategic planning exercise in our systems area. We want to make sure that over the years we make wise investment decisions. To do that, we have asked each of the divisions in the ministry to take a look three to five years down the road as to what its systems requirements might be, bearing in mind the ministry's strategic plan that was mentioned in the minister's speech, and put that together so that we have a systems architecture, if you will, along the three- to five-year plan. Then we can ensure that our systems investments are

made wisely and in a timely manner so that we have the technology we need in place for the programs we know are coming down the road.

In the other part of my division, programs falling under the financial assistance to agriculture vote, there are three nonstatutory items and two statutory items. The three nonstatutory items are food land preservation policy, financial assistance policy and all our transfer programs.

17:20

The first item, food land preservation, covers the food land preservation branch. It deals primarily with implementation of the food land guidelines and will be involved in the implementation of the right to farm task force recommendations the minister mentioned in his statement.

The farm assistance policy item covers staff and operating expenses for two branches, the farm assistance programs branch, which I will talk about in a moment, and the crop insurance and stabilization branch. All the transfer payments for those two branches are included in the item entitled "direct support and stabilization payments."

That includes all the transfer payments related to our stabilization programs, the Ontario grain stabilization programs and our share of the tripartite red meat stabilization program. It also includes all the credit assistance programs run by the farm assistance branch, such as OFFIRR and payments made on the basis of our operating loan guarantee program.

On the program side of my division, I would be hard pressed to limit the number of priorities we have this year. The minister's speech is an indication of how busy staff are this year with these three programs particularly and with implementation of the right to farm task force recommendations; further work in the farm assistance programs branch on the recommendations of the interministerial task force on farm finance; continuing work on implementation of the tripartite stabilization program; our work with Ottawa; and the announced review of the crop insurance program. Nearly every area of that line program is being highlighted this year in the ministry.

The Acting Chairman: Thank you, Mrs. Burak. Dr. Rennie, it is time for your contribution. I hope your negotiations with the airline were successful.

Mr. Rennie: No, they were not.

I have some brief comments on the technology and field services wing of the ministry. Let us take the education and research division to start with. Although we call it education and research,

education is a component of the entire wing of the ministry, though in different formats.

In regard to the colleges, the minister in his comments referred to a task force that has been working and looking at a long-term strategy on agricultural education. Traditionally, it has been at the diploma level, with some continuing education, but we feel that with the changing needs of our clients for training, there may well be needs for changes in those programs. That is in process at present. It has taken a lot of activity of the staff during the past year.

The colleges work more in the applied research area, because they are closer to our farmer clients. Combined with the educational program and some extension work, that is their major thrust.

The rural organization and services branch was put in place about four years ago. The primary purpose of that branch, compared to the others, is to deal with people. Most of our branches deal with technology areas, technical issues and advice of that nature. Here we are trying to develop people.

The minister in his comments made reference to the advanced agricultural leadership program. This is our youth education program, which includes 4-H programs and working with organizations to develop leadership capacity and potential within those organizations.

On the museum: it is called a museum but it has a strong education component. We have a very significant school program there, with close to 20,000 schoolchildren going through the museum each year. It is not just to see the museum; there are various educational packages. We are in the process of developing a 10-year program for the museum. We have been working on that since it started. We had a 10-year program to start with, and now we are in the second phase. We want to make it a more educational program of the past, present and future of agricultural technology.

We have our specialty branches in the advisory and technical services division. We have 54 county district offices across Ontario. The major thrust in a lot of our extension activities in the agricultural representatives branch in the past two or three years has been in the area of financial management, tied in with the programs the minister referred to, such as OFFIRR and the ones Rita Burak talked about. In farm assistance, the field staff are the delivery point. Farm financial management has been and still is one of the priority areas, together with technical advice.

The animal industry, plant industry and soil and water management branches are where we have our specialists who work in an advisory capacity with the various producers of fruit, vegetables and livestock. They also work with organizations in that regard.

The past year has been a very hectic one for our people in the animal industry branch with the continuation of the red meat program, which is going extremely well, and the introduction of the pork improvement program to which the minister referred. The implementation of that has involved many of our field staff. We have six veterinary diagnostic labs across Ontario. They are for the use of private veterinarians and diagnostic services.

The agricultural laboratory services branch was originally the pesticide residue testing laboratory for the government. We do work there for other ministries, the Ministry of the Environment, the Ministry of Natural Resources, the Ministry of Health and so on. A big thrust there is with pesticides. They also look after the contract we have for soil testing and feed testing.

Those are some of the highlights of technology and field services. I should add one more. The administration of the contract with the University of Guelph for research, diploma teaching, special services and some extension, which was in the neighbourhood of \$23 million, comes under the education and research division. That is a contract we have with the University of Guelph to conduct research for us. They run our five research stations in Guelph under contract.

As the minister mentioned, the Agricultural Research Institute of Ontario is the advisory body on setting research priorities. It is a 15-person body appointed by the minister. Half of them are farmers and half are in agribusiness. They review programs, set priorities and make sure the research we are conducting is relevant, not only at the University of Guelph but also at our other stations and colleges.

I skipped over the Horticultural Research Institute of Ontario at Vineland, and I should not have. It is a research institute. It includes the stations at Vineland, Simcoe and the small station in the Holland Marsh for fruits and vegetables.

That gives you a quick overview of technology and field services.

Mr. Hayes: I thank the minister for allowing his staff to give me a crash course. I do not want to hold up the estimates any longer than we have to, but I appreciate the briefing from the staff.

The Acting Chairman: Would Mr. Seguin or Mr. Snell like to make a presentation?

Dr. Switzer: I think not at this time. They may be on the stand later.

The Acting Chairman: I wanted to make sure I did not neglect them.

At this point, the committee should consider whether it will proceed to the critics' statements or wait until tomorrow. I will leave it to the committee to decide.

Mr. Hayes: You are first, Ross.

Mr. Stevenson: I think I can go ahead. I do not plan to make a lengthy statement. We have until six o'clock. Is that correct?

17:30

The Acting Chairman: Correct.

Mr. Stevenson: That should be adequate for most of my comments.

I want to welcome Mr. Hayes in his new position. He may find his first trip through this as critic somewhat new to him. By next year in the second trip around, he will find it much more relaxing and enjoyable and learn to welcome the opportunity to talk to the minister and the staff of the ministry and to discuss the programs and spending and planning priorities of the Ministry of Agriculture and Food.

Of course, we have those opportunities as well in other ministries. The estimates process is really the only opportunity that members of the Legislature have to question the priorities of various ministries and the spending in those ministries. It is valuable for us as individual members, not only in opposition but also in the government, to have the opportunity to make comments and ask questions on those ministries.

Today I want to go through a few comments briefly and then, on a later occasion, get to more questions, particularly on the policy side of the ministry. We are in a time when government revenues are at an unprecedented level, and I am pleased to see that a portion of those revenues is finding its way to OMAF. In allocation of any funding, we have ongoing discussions as to what percentage of that funding, or the government revenue, should be going into agriculture or to any other ministry and then as to how the money is allocated once it is in the ministry and how funding of various programs progresses.

It should be worth noting to Mr. Hayes and to other members of the committee just how much money is available to this government for allocation to various ministries and how fortunate it is to have the opportunity to come to power

at a time when money is flowing to government at such a high rate.

I had my staff send over a copy of the Ontario budget read by the Treasurer last spring. Taking a quick look through this budget, one finds that 63 per cent of the revenue of the government of Ontario comes from direct taxation. In there, of course, we have personal income tax, retail sales tax, reciprocal taxation, corporate taxes, mining profit tax, gasoline tax, motor vehicle fuel tax, tobacco tax, land transfer tax, race track tax, public utilities income tax and miscellaneous taxation.

As we go through here, I will mention the other areas of revenue: Ontario health insurance plan premiums, Liquor Control Board of Ontario and Liquor Licence Board of Ontario fees, vehicle registration fees, various lottery profits, royalties, sales and rentals and so on. The last one is transfer payments from the federal government.

In going through this, I find 32 items that the government has as sources of revenue. Of those 32, 26 were up in the past two years, three were down and three were about the same. The growth in some of these is absolutely phenomenal. For example, in personal income tax, we have \$1.7 billion or, if you like to try to think in millions, \$1,700 million more money in this budget than two years ago. Sales tax is up \$1 billion. That is not the total; it is up \$1 billion. You go down through this and find that in this budget, as compared with two years ago, they have almost \$6 billion more to spend, an increase in revenue flow of approximately 25 per cent.

There is a tremendous amount of money to spend. When we as individuals look at our budgets, there are few of us in Ontario who have 25 per cent more money to spend today than two years ago. There is clearly no shortage of money to pass around. The question becomes, is agriculture getting its share? Is it being allocated? Another indication of the amount of money to pass around is the recent settlement given to the Clerk of the House. The Minister of Agriculture and Food happily seconded the motion to give the retiring Clerk \$364,900 and a package that could amount to \$2 million. Clearly it is much more profitable to quit clerking than to quit farming.

Clearly this government has a lot of money to spend and is handing it out freely to many ministries. It is in that light that we approach the funding to agriculture and look at where it is going and whether it appears to be allocated in the proper manner. Of course, there are a great many differences of opinion on how it should be

handed out. It is the tough decision of a minister and his chief of staff to make the tough decisions on how that money is allocated.

I was somewhat surprised by the minister's use of the words "hit and miss" on the nature of programs in his opening statement. I forget now what page it is on, but it is in there somewhere. I know the minister has tried hard. I will not take that away from him, his government or the staff of the ministry in addressing the critical needs of agriculture today, but there is evidence that it is still going on as a rather hit-and-miss affair.

As the minister has clearly stated, the passage of the Food Security Act in the United States has brought on a whole new era of competition between treasuries on an international basis. It has also brought on a new era of competition domestically between treasuries of various provinces, a whole new patchwork of programs to address the needs of farmers in the individual provinces and some action now by the federal government to attempt to keep Canadian farmers in general in a somewhat competitive position with their international counterparts.

17:40

I come back to the concept of hit-and-miss funding. We just have to look at what has gone on here in Ontario in the past year. We had a report from the interministerial task force on agricultural finance delivered on May 20. That interministerial task force was set up with some considerable fanfare to look at the needs of agriculture, particularly the financial needs of agriculture in the more immediate future.

In fairness, it did not have the time to look at a lot of long-term programs, because that takes a great deal of work. In the state of flux that the industry is in now internationally, it is not easy to come up with long-term programs that one can be very sure of for much more than a few years. However, this report that came out in May, after the passage of the US Farm Security Act, said basically that the Farm Security Act would have a short-term adverse impact on the industry in Ontario, and that is really about all it said about it.

Then another committee was set up to look at it. The extension of the Ontario family farm interest rate reduction program, which I believe flowed more or less directly from the interministerial task force, was announced last spring. The extension was certainly welcome, but at that time it was announced as a scaling down of the program over a three-year period. It was at a time when it was clear to almost everyone that agriculture was under a great deal of stress, with

very little indication that the problems were going to scale down over a three-year period. In fact, there were some signs that some of the problems that are with us right now could be with us right into the mid-1990s.

I am not sure how long term the minister thought these things were supposed to be. As I said, we had the interministerial task force report. Then we had an extension of OFFIRR and now another statement of OFFIRR Plus, all within a few months of each other. All were welcome and favourably received, but I think they are coming close to hit-and-miss.

OFFIRR Plus helps address a growing need in the industry; there is no question about that. However, if these three major statements of one form or another within a few months of each other are an indication of how well you can do long-term planning, it will be interesting to see what some of your other programs look like when you try to address problems of more than six or eight months at a time.

It is particularly difficult for farmers who find it necessary to make production decisions, and many of them are making production decisions right now for next spring. When they sit down to pencil out what they are going to do in their next year's crop and animal production programs, in view of the current situation within the province it is particularly difficult. It does not make it any easier when government programs change as fast as they do.

I have said many times in the past, and I do not hesitate to say again, that it becomes very unfortunate when a main factor in the decision of a farmer in any country is what the government of his jurisdiction is going to do in that year. Certainly Europe right now is in a situation where, for many farmers, it is more important to see what the subsidy payment is than what variety to grow or exactly how much rain they will get. It is with some regret that I see this sort of thing happening in Ontario. Unfortunately, I see no other way for it to go under the present situation.

I guess my question now is not are we giving too much as governments; a more proper question is are we giving enough? How should that be addressed? Do we indeed need an overall program that farmers can be sure is going to be in effect for not a few months at a time but for several years into the future? I feel they have to know further ahead than they have known in the past year or two, so that they can make good production decisions with more confidence and with more knowledge of what sort of help is

going to be available to them from government sources in one form or another.

I will leave that section now. I will return to that whole financial area at some later point. I will be asking for more information on what the minister sees coming in the crop insurance area. In his announcement in the House, it was a matter of if there need to be changes changes can be made and possibly will be made. A more recent press article said something about gutting the crop insurance program. At some later point, I would like to get some idea on just how far you expect to go on changes in the crop insurance program and to make it a little clearer whether you expect to have minor, moderate or gutting changes to the crop insurance program.

Some time ago, Alberta started a study of its crop insurance program. I believe they are expecting a report on inputs from their farmers and their industry fairly soon. It will be interesting to see what they have suggested, because they, too, have had some problems with the crop insurance program there, particularly in the light of two years of severe drought, in 1984 and 1985. We had severe weather problems this year too, of course, but certainly not related to drought. It will be interesting to see whether any suggestions as to changes there will be of importance here; possibly we can get some suggestions from the intended moves out there.

17:50

I am not now going to go into the stabilization program at any great length. I would agree with the minister that stabilization is a very important aspect of support to the agricultural industry in Canada and Ontario. I am interested in hearing more about his new twist, and I hope some of that information will be available to the committee before the end of these estimates.

The minister went into some length in comparing the OFFIRR program with the two programs of Alberta and Saskatchewan. Although I have not done exactly the same calculations, I do not doubt that I would end up with results somewhat similar to his. However, I invite him to look at other programs that are available to farmers in Saskatchewan and Alberta. Hundreds of millions of dollars have been made available to those farmers, particularly in Alberta, over the last year or year and a half, supposedly in relation to various impacts of weather and the Crow rate changes, among other things.

As those programs were brought in, the farmers were certainly feeling the effects of the Crow rate, of drought and so on, but there is no

question that a substantial amount of money was made available to farmers in Alberta who most certainly were not affected terribly severely by the drought. I believe those programs were available to all farmers in the province and were not targeted to any great degree to the drought area.

In addition to the Crow rate program, they also have another program on some sort of feed assistance. As I recall—I do not have my notes with me—it seems that the whole package of items, which are basically outside the ongoing programs of the ministry, is something like \$714 million. Anyway, big money is available to those producers, and they are dollars that Ontario farmers certainly are not getting.

I was interested in your comments on the targeting of programs. I had a few farmers at the Ontario Federation of Agriculture meetings this week ask me about the farm property tax rebate program and why it appears to be late in many areas. A number still have not received their forms. There is a statement in the Agricultural Council of Ontario report relating to more targeting of agriculture financial programs, and the question was asked whether the holdup of money coming back on the property tax program related to some policy change in that program or any change in the targeting of that money with respect to qualifications. I am not aware of any changes having been made in that area, but I would be interested to know why that is late and whether there has been any change in the qualifications for that program.

I will leave the farm legislation and severances for now and get to them at some later point.

I was curious about the wording of one sentence in here: "We have beefed up our commitment to the pork industry." How enthusiastically would that sentence be received by the pork industry? I doubt whether they would appreciate it as much as they have appreciated the \$54 million or whatever it is; I would have to go back and check. I am sure they like the money more than the wording of that sentence. Before it is circulated to either industry and before you write your next speech, you might change that wording ever so slightly.

I have received some comments from fruit and vegetable people relating to the new slogan of the Foodlands Ontario program, and as a result of those comments I have talked to some urban women who shop in grocery stores and one man who does the shopping for the family. I asked them about the old slogan, "Good things grow in Ontario," versus the new one, "There is no taste

like home." It is a very small sampling and I would not suggest it is necessarily indicative of what a proper sampling might indicate. I suspect that "There is no taste like home" comes from the old statement "There is no place like home." Certainly that is a very commonly used statement and a very common thought in rural Ontario.

In my small survey of urban shoppers, the thought of "There is no place like home" did not seem to have the same meaning to them, and they had never heard of the slogan "There is no taste like home." When it was mentioned to them, it did not ring a bell. They did not seem to associate with it, as I would think most rural people would.

Have you done any surveys among urban shoppers on the acceptance or recognition of the new slogan? The slogan is quite important to our agricultural industry, and the whole promotion program of Ontario products is very important. I would like to see it be a very successful promotion effort, and I would like to see this

slogan, or whatever the slogan will be over the next few years, be a highly recognized slogan or a few words to assist the producers and the organizations of Ontario in marketing their produce.

The Acting Chairman: Mr. Stevenson, I do not want to stop you, but it appears to be an appropriate spot, it being six o'clock. Perhaps you can continue tomorrow.

Mr. Stevenson: Maybe you can get that information and indicate to me how successful that is. I can probably terminate my initial statements here and leave it for the New Democratic Party critic to carry on tomorrow. I will bring up my other questions individually as we head through the estimates.

The Acting Chairman: Thank you, Mr. Stevenson.

The committee adjourned at 6 p.m.

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Knight, D. S., Acting Chairman (Halton-Burlington L)

Laughren, F., Chairman (Nickel Belt NDP)

Stevenson, K. R. (Durham-York PC)

Witnesses:**From the Ministry of Agriculture and Food:**

Riddell, Hon. J. K., Minister of Agriculture and Food (Huron-Middlesex L)

Collin, G. H., Assistant Deputy Minister, Marketing and Standards Branch

Burak, R. M., Assistant Deputy Minister, Finance and Administration

Rennie, Dr. J. C., Assistant Deputy Minister, Technology and Field Services



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament
Thursday, November 27, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, November 27, 1986

The committee met at 3:39 p.m. in room 151.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

Mr. Chairman: The standing committee on resources development will come to order. When the committee adjourned yesterday, the minister had completed his statement on the estimates of the Ministry of Agriculture and Food, as had Mr. Stevenson. Mr. Hayes was about to begin his opening comments and responses to the minister's opening statement.

Mr. Stevenson: Before we start, may I ask the minister a question? As a member of this committee, I will be happy to have the estimates set aside for a brief while this afternoon if the minister wishes to go to the Legislative Assembly and speak on Bill 7. I thought I would give him that opportunity in case he wants it. I would hate to think that the minister felt the estimates could not be moved, at least for a little while, to allow him the opportunity to make a presentation if he so desires.

Mr. Chairman: That is the kind of mischievous intervention I like. Does the minister wish to respond?

Hon. Mr. Riddell: It is my understanding that they have such a full roster of speakers that chances are I would be up there all afternoon waiting for my chance to get on. I do not think the committee will want to relinquish that much time from these estimates while I wait for my opportunity to speak in the Legislature. We had better carry on with the estimates.

Mr. Stevenson: To correct the situation on this, our party has a number of speakers, but of course they go in rotation. As I understand it, the Liberal Party is not taking its turn in rotation so it would be a matter of a very few minutes and then the minister could have his opportunity.

Mr. Chairman: It is possible that one of your members will be willing to relinquish his or her spot.

Mr. Stevenson: I know I can walk up there this minute and get any of them to step aside to allow the minister the opportunity to speak on the bill if he so desires.

Mr. Chairman: The co-operation is overwhelming.

Hon. Mr. Riddell: We in the Liberal Party like to think we are a little better organized than that. We organize ourselves so that we know exactly where we are speaking and in what order we are speaking. My name is not on the roster. I would hate to impose on somebody who has an idea about when he is expected to speak.

Mr. Chairman: I understand.

Mr. Knight: I hope the clock is running on the estimates. I consider this appropriate subject matter for the estimates.

Mr. Chairman: Yes, it is running on the estimates. That is why we had better move on to Mr. Hayes, but thank you, Mr. Stevenson.

Mr. Stevenson: You are quite welcome.

Mr. Hayes: I am pleased the minister is going to stay here and discuss some other very important rights of people; that is, the rights of people in the agricultural industry.

Hon. Mr. Riddell: Now that is a sign of common sense speaking.

Mr. Hayes: I would like to compliment the minister, and also the staff, for doing a pretty good job of putting together the opening statement. I know it probably took a lot of preparation and time.

I do not think anyone will argue against the fact that the farm crisis in Ontario and Canada is partly because the United States and the European Community have subsidized their farmers so much that this has made it very hard for us to compete in world markets. The bottom line is that farmers have been hit with high interest rates, escalating production costs, low commodity prices and overproduction.

The minister indicated we are not going to take a hit-and-miss approach. I am pleased to hear that because, from past practice, the hit-and-miss approach is another reason the agricultural industry is hurting today.

I welcome the announcement of the OFFIRR Plus addition to the Ontario family farm interest rate reduction program but I still have some reservations about whom the program helps. What does it do for those who have been forced to take off-farm jobs to subsidize the family farm?

What does it do for those people who only a couple of years ago had viable operations but who are told today, "Sorry, you are not eligible because your farm is not viable"?

I hope the minister will address this very serious concern. As I see it, family farms will continue to disappear if this problem is not addressed. To say that farmers have to become more efficient and competitive is fine, but to become bigger at the expense of the family farm is not the answer. It is certainly not the answer if we want to preserve the land for future generations. A good example to look at is the forest industry, an industry that raped the land for short-term profit and put nothing back into it for future generations.

There is another program about which I have been very critical in the past, the farmers in transition program. No doubt it has helped some farmers. The minister stated that not everyone on the edge of financial crisis had to leave the farm. I would appreciate it if the minister or his staff will supply us with statistics on the FIT program as to how many farm families have left farming through the FIT program, how many have been successful in finding suitable work, how many of the 1,400 callers were on the edge of financial crisis, how much money the minister has paid out in direct assistance to farm families and how much was spent for administration of the program.

Many of us look at government programs as Band-Aid solutions, but because of the crisis that farming is in today, we cannot afford not to expand and improve on them. This is why I introduced a private member's resolution asking the Ontario government to increase its overall assistance to agricultural producers at least to the average level of other provinces in Canada.

I know the minister has been critical of the programs of other provinces such as Alberta and Saskatchewan, but the fact is that Ontario is far below the Canadian average when it comes to financial assistance to the agricultural industry based on per census farm and per dollar of agricultural production. I am looking at this Ontario Federation of Agriculture brief that was presented to all three parties. The information it has indicates this. It is gathering its information from the Ontario interministerial task force on agricultural finance.

It states: "Subsidy programs undertaken by other provinces mean that Ontario farmers are not on an equal footing with their competitors elsewhere in Canada. Ontario has one of the lowest federal and provincial assistance expendi-

tures, per farm and per dollar of agricultural output, of any province."

I know the minister is trying very hard to implement programs to meet the immediate needs of farmers in Ontario and I know it is not a very easy task, considering the situation we are in right now. My colleague the critic for the Ministry of Agriculture and Food for the Conservative party has indicated that the agricultural budget should be increased. I remember hearing him make the same statement last year and again this year. The members of the Legislature also feel that way. They showed unanimous support for the resolution to increase the agricultural budget.

This should help the minister in his task and make it a little easier to address the problems facing farmers today. It will help the minister improve the short-term programs and give him a little room to work on the long-term solutions.

According to many farm groups and individuals, part of the long-term solution is supply management. I know a lot of people do not like to hear that, but it appears this is what we should be taking a very serious look at. Ontario should work together with the other provinces and the federal government to encourage and promote supply management for all agricultural commodities.

The other issue deals with free trade. Before we discuss or even think about free trade with the US, we should work towards free trade among our own provinces here in Canada. From the minister's remarks about the first ministers' meeting last week, he appears to feel the same way. What is needed is a national strategy to deal with the farming industry.

I want to be brief and to wind up, but before I do, there are a couple of issues I should bring up. One deals with crop insurance. The minister has indicated that the federal and provincial governments are looking at making improvements to that program if this is deemed necessary. From the people I have spoken to, it appears to be necessary and I hope we can make much-needed improvements in the crop insurance plan.

15:50

The other issue is municipal drainage. I received a copy of a letter that was sent to the minister. This is another area where we could be helping some of the farmers, with municipal drains and the manner in which they are assessed. At present, I think we are giving them a one-third subsidy. There are a lot of indications that we should perhaps be looking at raising it from one third to two thirds of the cost. Last year, I spoke

to the minister in regard to the way in which work on municipal drains creates such a burden on some of the farmers. Sometimes they have to get involved with municipal drains that do not necessarily help them or are faced with elaborate engineering reports that are not necessary. For example, we should allow a municipality to do more with a municipal drain without having to go out and hire an engineer to come back with a big, elaborate report. I guess that would have to be done with the Ministry of Municipal Affairs.

There is another area that I am sure was mentioned earlier, the preservation of wetlands. This is very important and we should be looking at assistance to preserve wetlands through the farm tax program.

That is all I have to say at the present time. I would like to reserve some time for later when we start to deal with the report itself.

Mr. Chairman: Thank you, Mr. Hayes. After the critics have spoken, it is traditional to have the minister respond to critics. We will then move to the four votes. There are supplementary estimates as well. I assume the supplementary estimates are necessary because of the increased research to be done on tingle voltage. Is that right?

Mr. Stevenson: I was going to mention that. Our chairman always seems to get a charge out of discussions of tingle voltage. Since neither of the critics has mentioned tingle voltage this year, possibly the minister can give us a brief update on the problems in the province associated with tingle voltage in 1986.

Mr. Chairman: I do more than get a charge out of it; it turns my crank.

Hon. Mr. Riddell: In his response to my remarks yesterday, my honourable colleague, the official opposition critic, led off with comments about the revenue increases reported by the Treasurer (Mr. Nixon) in the May 1986 budget.

It is true that revenue is up. I am sure that is in part a reflection of the strength of this province and the confidence my government has generated since it came to power. With respect to agriculture's share of this revenue, I point out that my ministry has obtained a 56 per cent increase in budget since fiscal year 1984-85. By comparison, total provincial spending has risen by 18 per cent over the same period. These facts clearly demonstrate that agriculture received a favourable amount of the province's increased revenue. This should be apparent, given the variety of initiatives this government has implemented over the past 17 months.

The honourable member also suggested that in the face of the significant financial problems faced by the agricultural sector, the Ministry of Agriculture and Food is proceeding with a hit-and-miss approach. When he says "proceeding," he must be referring to the kinds of programs initiated by the previous government. I do not want to repeat the remarks contained in my opening statement. However, a review of those remarks will assure this committee that we are taking a comprehensive and long-term view of farm financial problems.

In addition to the OFFIRR program, our strategic approach to providing financial stability includes our support of the crop insurance program, our provincial grain stabilization program, the tripartite stabilization program, our farm tax reduction program, our beginning farmer assistance program, our grain and livestock financial protection programs and our drainage subsidies, all of which are long-term programs. In addition to these financial assistance programs, we have announced several multi-year programs to assist Ontario farmers to remain competitive. One example is our five-year Ontario pork industry improvement program.

When the committee members consider the full range of programs available, I believe they will agree our approach is not hit and miss but co-ordinated and aimed at addressing the variety of financial problems our producers face.

At the same time, I recognize, and I am sure the honourable members recognize, that changes within the industry can occur quickly and dramatically and with serious consequences. For example, the major weather problems in late summer and fall could not have been predicted and planned for years in advance. Accordingly, we must be prepared to have flexibility in our response to ever-changing conditions. The member referred to his preference for a long-term, fixed program for farmers so that they can plan better. I agree that Ontario farmers prefer long-term strategies such as those I mentioned in my remarks. However, farmers also want government to be flexible and adaptable to meet changing needs and situations.

I trust my colleague is watching very closely the problems and costs of the United States Food Security Act, 1985. It is already vastly over budget and there are strong indications this 10-year plan will undergo major revisions in 1987. One year after its passage, it seems that American farmers are not faring well with their fixed, long-term program. I believe that our

strategy is appropriate and that the mix of programs provides desired flexibility. More important, I know this government's commitment to agriculture is long-term and firmly entrenched.

In regard to the member's remarks on the interministerial task force on farm finance, I point out that the efforts and recommendations of the committee have been neither forgotten nor dismissed. While my ministry has acted on some short-term recommendations of the task force, it is also working on medium-term ideas and ideas listed for further study.

The member also raised a question about the crop insurance review I recently announced. I believe the question was aimed at determining how far-reaching the recommendations of this review might be. He will appreciate that I do not wish to prejudice the recommendations of the review committee, the members of which I hope to be able to announce shortly. The terms of reference of the review committee will be broad. We want to hear the views of farmers about any aspect of the crop insurance program they feel can be changed to make it more effective. I stated in my announcement of the review that the committee would be expected to work within certain principles of the crop insurance program; namely, the program must be actuarially sound, equitable, affordable, administratively feasible and cover all risks.

The draft terms of reference for the review have been shared with the farm organizations. I am currently awaiting their response before finalizing the terms of reference. That will be completed in the next few weeks. I am pleased that the federal Minister of Agriculture, John Wise, has agreed to participate in this review in Ontario. I have an open mind about the extent of changes that might be recommended to the program and I expect them to fall within the principles I have just outlined. In this review, I certainly welcome the participation and comments of either critic.

16:00

This committee was told that some applications and perhaps some payments relating to the farm tax rebate program have been late this fall. When the member asked me this question in the House on Monday, I believe my response was, "Perhaps that question should be addressed to a ministry other than this ministry." I was pointing out that the farm tax rebate program is administered by the subsidies branch of the Ministry of Municipal Affairs. As a follow-up to this question, my staff has discussed the problem

with staff from the Ministry of Municipal Affairs. With the chairman's permission, I would like to provide the committee with information about the delays that have been encountered.

We have been advised that approximately 50,000 applications are late, but will be mailed out by December 3. Municipal Affairs informed us that these delays result from a changeover in computer-processing systems. We have been informed that some delays in processing may also be occurring because of the additional screening procedures that have been instituted as a result of the Provincial Auditor's report. Staff of the Ministry of Municipal Affairs is working overtime and weekends to correct these delays. I assure the committee members that these delays are in no way related to any current review of the effectiveness of the farm tax rebate program.

Committee members may be aware that in its recent brief to the Ontario cabinet, the Ontario Federation of Agriculture asked about the status of the 1981 budget proposal, which would have made significant changes to the program. There is an ongoing process within my ministry that reviews major programs and we will be including the farm tax rebate program in the coming months.

I wish to respond to the member's question about surveys of urban shoppers regarding the recognition of the new Foodland Ontario slogan, "Ontario, there's no taste like home." The annual tracking study for Foodland Ontario is currently under way. This study measures consumer awareness of the Foodland Ontario symbol and slogan on a yearly basis. Shoppers in major centres throughout Ontario are interviewed. Although results will not be available until January, the ministry has conducted a quantitative pre-test of the new slogan. Three hundred female heads of households from Toronto, London and Kingston were questioned. The new slogan clearly communicated the buy-Ontario-local-products message, as well as the taste-better benefits of Ontario fruits and vegetables. A resounding 98 per cent of respondents believed the slogan to be appropriate for Foodland Ontario advertising; 75 cent said it was "very appropriate."

The high awareness of the slogan "Good things grow in Ontario" has been built and reinforced over eight years of promotion and advertising. In an effort to be more competitive the ministry has chosen a new slogan. It recognizes that the next few years will be a transition period as the new slogan builds

awareness and the "Good things grow in Ontario" slogan declines. The Foodland Ontario symbol, also highly recognized by consumers, remains a consistent transitional element of the program.

Those are my responses, to the best of my knowledge and ability, to the concerns and views that were expressed by the official opposition's Agriculture and Food critic.

We will leave this to the decision of Mr. Hayes or the committee, but I can probably deal with Mr. Hayes's questions as we go through the various votes because I am sure they will come up at that time. However, if he prefers, I can respond to the concerns now, trusting that my good deputy wrote down the concerns expressed. It is entirely up to him.

Mr. Hayes: That is fine with me if that is your preference. On the farmers in transition program, you might have to go and get those statistics. I have not given you much opportunity to do it, so it can wait.

Hon. Mr. Riddell: I am sure we will need more details on the FIT program. I can say that the FIT program has been very well received in Ontario. As a matter of fact, a very prominent farmer was attending a meeting in my conference room today. He pleaded with me to keep the FIT advisers in place. He said, "Do not let that program go." I am not going to mention his name, but if I did, I think everyone in this room would know who that person was. It has been a very good program. To be able to answer your questions in detail, I will have to get my staff to provide me with the figures. You were pretty specific about what you were asking.

Mr. Hayes: Yes. After seeing the statistics, I might look at it differently myself.

Mr. Chairman: We will deal with them as we come to them in the various votes.

On vote 1601, ministry administration program; item 1, main office:

Mr. Stevenson: I suggest to the committee that we proceed through the estimates in a fairly loose sort of way. With the new House schedule we have now, our members are very tightly scheduled into committees and House duty with relatively little free time for nonmembers of a committee to come and join in the estimates.

I have taken small parts in the estimates of other ministries, although not in this committee, and in those two or three cases the votes have not proceeded in quite the organized fashion we used to use under the old schedule. It is very difficult for noncommittee members who have agricultur-

al interests to get in under a particular vote and at a prescribed time. I suggest we allow the topics to be quite flexible throughout the estimates and that as members of all parties have an opportunity to come in, they be allowed to ask virtually any question of concern to them under virtually any vote.

If there is a particular board, commission or whatever that the committee brings in front of it, then in the interest of scheduling the time of people who are not ministry staff, the committee should co-operate and try to give those people a definite time period. However, as far as the more routine questioning of the minister and ministry staff is concerned, I suggest the schedule of the estimates for the Ministry of Agriculture and Food be as loose as possible.

Mr. Chairman: There is no reason for the chair to be concerned about that.

Hon. Mr. Riddell: I am in the hands of the committee. I admit that as minister, I will not be able to provide all the answers, particularly where members are asking for specific information. I am going to rely on my staff and if it is going to be loosely run, as the member has suggested, it will mean I will likely need to have my staff available at all times. If we went vote by vote, I would know what staff to have available and the rest could be doing their jobs back in the ministry. If we are going to jump from one branch of the ministry to another, it is apparent I will need to have all members of my staff representing those branches here for the 16 hours of this session. I can do that. As I say, I am in the hands of the committee.

16:10

Mr. Stevenson: Whenever possible, we will forewarn that noncommittee members are coming in for particular topics. There will be many times when members will drop in, taking half an hour off from another committee or from House duty, with constituency questions in particular. With the schedules that individual members now have under the new House rules, it is extremely difficult for them to be here for a two-hour session on a particular topic.

Mr. Chairman: I know it imposes certain inconveniences. On the other hand, these estimates are designed for members of the assembly to have a go at the various ministers. That overrides inconvenience to the ministry, if I may put it bluntly. It is important that members have an opportunity to come in and not be told when they get here that while they were in the House, we dealt with a vote and therefore it is closed off.

That is unfair to members of the assembly. I hope we can proceed in the way Mr. Stevenson suggests. We will open it up.

Mr. Stevenson: I have a series of approximately seven questions relating to the general farm finance area. I will go through them one at a time. If other members of the committee have supplementary questions or questions in the general area, I will allow them to have questions along that line. It would take a fair bit of time for me to go through all of these in a row and I do not think that would necessarily be fair to other committee members. I will allow any questions from other committee members as we go through these questions.

I would like the minister's comments on a statement made in the report of the Agricultural Council of Ontario, dated June 1986. The statement reads: "The myth that farmers can derive all their income from the marketplace should be dispelled. The problem is how to deliver income support in an effective and equitable manner." I am most interested in his comments on the first sentence of that statement.

Hon. Mr. Riddell: If the marketplace were allowed to set the price without any outside interference, then I think that by and large the farmer could rely on the marketplace. This year is a typical example of why farmers cannot rely on the marketplace. A Food Security Act was passed in the US. They lowered the loan rate that sets the international floor price for grains right around this world. That loan rate has lowered the prices farmers can expect for grains and oilseed crops, which the member knows full well are well below their costs of production. No one can stay in business if his costs of production exceed the price he receives for his commodity.

What the agricultural council was referring to was that the marketplace is not left alone to give the farmers the price they should be getting for their commodities; there is too much outside interference. Therefore, if we are to keep our farmers competitive in this country, we will somehow have to supplement their income by means of government subsidies. I think that is what the agricultural council was alluding to.

Mr. Stevenson: Fine. I certainly agree with your comments.

I would like to read a paragraph from the report of the interministerial task force on agricultural finance dated May 20, 1986, which was about two or three weeks prior to the release of the report by the Agricultural Council of Ontario.

"A number of farm businesses, including some with good production management, have

accumulated debt loads that cannot be serviced at market rates of interest. There are a number of factors that contribute to this situation, including high interest rates, capital expenditures and repeated loss carryovers. In addition, some farm businesses are in difficulty because of financial or production mismanagement."

The next sentence is the one on which I wish your comment in the light of what you have just said about the other report and in the light of the wording of the other report:

"Yet the majority of farmers are able to realize a modest profit."

Hon. Mr. Riddell: I suppose what they are referring to by "the majority of farmers" is farmers who find themselves in supply-managed commodities, such as those in the dairy industry, which is one of the largest enterprises in Ontario from the standpoint of farm cash receipts. The poultry commodities—eggs, chicken and turkey—fall down the line a wee bit.

Those farmers who are under supply management, who have boards that negotiate minimum prices or set prices of one kind or another, generally can rely on the prices that are set to give them a return on their product. It is the farmers, such as the grain and oilseed producers, who do not have price-setting or price-negotiating boards and who rely entirely on the market for the price of their commodity, who are in some difficulty today.

If you talk to the pork producers, or even the beef producers, they will tell you they are making a margin of profit. The beef producers are making a margin of profit today, which I consider to be a recovery of the losses they have taken over the past few years, and I suppose you could say the same of the pork producers.

The fact of the matter is that they are making a profit, if you exclude the replacement cattle prices that farmers have to pay, which I think will come down. Replacement prices are high right now and cut into any profit a beef producer might expect. However, as I have been saying to beef producers, if they hold back a while, they may find that these prices will come down and be more relative to the prices they are getting for their slaughter cattle.

16:20

It depends on the sector of the agricultural economy you are referring to when you talk about "the majority of farmers." Either the task force or the agricultural council said that about 75 to 80 per cent of our farmers are able to get along with a little bit of assistance and are not encountering the moderate to severe financial

difficulties faced by 25 to 30 per cent of the farmers.

About five per cent of farmers have very serious financial problems. These problems are so serious that there is not a great deal of hope the farmers will be kept in business. Mind you, our programs are designed to help every farmer where there is some semblance of viability. If there is no viability, then our programs are so targeted that they will not be able to do anything. That is about five per cent of the farmers, according to the reports I have read.

About 20 to 25 per cent of the farmers will be kept in business, but it will take some financial assistance from this government and from the federal government and some fairly rigid measures on their part. Some farmers will have to restructure, perhaps even to the point of having to sell their farms, to get their equity-to-debt ratio looking a little better than it is at present.

The agricultural council said some farmers should sell some of their expensive equipment and have more of their crops harvested by custom operators. The council also said it may well be that some farmers, their spouses or both should be looking for off-farm income to get through today's difficult situation. A role will have to be played, not only by government but also by the farmers individually.

Mr. Stevenson: It is hard to picture the sort of mindset the authors of these two reports had and what they were including, particularly in the report of the interministerial task force, when they state that farmers can make "a modest profit." If underlying that statement are the basic assumptions that government will be in there at whatever level is necessary to keep things viable and that substantial government help will guarantee farmers will have a modest profit into the future, then I accept their statement.

That is a statement from the second paragraph under the heading "Financial Characteristics of Farm Businesses." It is a leadoff into the discussion by the interministerial task force. The statement from the agricultural council I am using is in the first item under "Income Support" in the recommendations of the agricultural council. Very clearly, these are two important statements by two groups that should be relatively informed in agricultural policy. If we are to take these two statements at face value and not try to read a great deal into them, I submit that it makes a tremendous difference in the government programs that would result.

Whether or not you accept the statement, "The myth that farmers can derive all their income

from the marketplace should be dispelled," if that is one of the underlying thoughts in the development of government policy, you might well and probably will come up with a considerably different approach from the one you would get if you built on the thought that "the majority of farmers are able to realize a modest profit."

At face value, those two sentences have very different meanings, at least to me, and very different policies would result; and here they are, printed less than a month apart, from two groups suggesting important agricultural policies to you. I was somewhat surprised to read that statement in the interministerial task force report of May 1986. I repeat, if built into that statement is the underlying thought that government is going to be involved up to the eyeballs, then fine; but there is no indication in that paragraph, and certainly not in that sentence, that this will be the case.

I want to ask some further questions on those two items, but I will defer to anybody else who may wish to pursue that general line of questioning.

Hon. Mr. Riddell: Before you ask further questions, I think you are aware that these were two quite separate and independent studies, done by two quite separate and independent bodies. There were economists in both study groups, and I do not suppose it is too surprising that economists do not always agree; at least that is what I have found in the past. It is obvious that you have economists who are differing somewhat in the views they have expressed in those two reports.

I suppose one has to know what length of time they are talking about. One says farmers simply cannot rely on the marketplace for their income; let us dispel that myth. If they are talking about the present and about farmers in certain sectors of the agricultural industry, then I am inclined to agree, because as long as there is a trade war going on between the United States and the European Community, and as long as those countries are prepared to provide very rich subsidies to their farmers, there is just no other route for us to take in Canada, if we are going to keep our farmers competitive, than to assist them in some way or other so they will have a profit at the end of their production year and can stay in business.

Farmers just cannot continue to operate without getting a profit of some kind. You know that, and I know that. It is unfortunate that these countries do not seem to understand that these very rich subsidies are leading us all into a lot of

trouble. If common sense at some time prevails, I feel farmers might be able to rely more on the marketplace and make a modest living from their farms.

16:30

In the situation that is taking place around the world, with new countries that once used to be our customers becoming our competitors and getting into the business of exporting food, as long as we have this world surplus of food, it is not going to be an easy task for our farmers. Our farmers are not going to be able to rely in all cases on the marketplace for their income and profits. There is going to be a role for government to play. I suppose that is why we have implemented a number of programs to try to help farmers, OFFIRR Plus being one example.

Mr. McGuigan: I do not have a question, but I would like to enter the debate. The statement that the myth should be dispelled is a bit flawed. It seems to me we dispelled that myth starting back in 1937, when we passed the Farm Products Marketing Act, which set up various marketing boards. Then there was the Milk Act; I am not sure when it came along, but some time during Bill Stewart's time he brought it in. In about 1971—I could be out a few months—the federal Farm Products Marketing Agencies Act brought the various provinces together so we could come under the protection offered by the General Agreement on Tariffs and Trade as far as stopping imports coming into Canada is concerned.

I think the minister's statement was a little rhetorical, because governments have been in agriculture for a long time. Where the change has come is that in recent years it has been the Canadian policy that we largely let the consumers pay for the price of agricultural products through the use of marketing boards, whereas in the United States and Europe they tax the consumers and give subsidies back to the farmers. We are moving more towards both systems. We still have our marketing boards in place, but we are trying to get some money directly to the farmer in addition to what he gets from the consumer.

I do not see the problem with those two statements, unless you accept that one statement at face value; but from your own knowledge of agricultural economics, you know that myth was dispelled a long time ago. What do you think?

Mr. Stevenson: I am here to ask the questions, not to respond to them. I accept what you have said as largely correct. The nature of my questioning is what is involved in the

statements, what is meant by them and how important they are to the people who are developing the policy, based on statements like those.

Mr. McGuigan: The minister certainly knows, because he responded there. It may be responding in a rhetorical way to people. I have been going to farm meetings all my life and have listened to farmers stand up and say, "I want my money out of the marketplace." At the same time, they want to protect the marketplace. We do not have a marketplace, in the classical sense, that is protected. They may be responding to that comment we get so often, "I want my money out of the marketplace." In my view, the myth we are talking about was dispelled a long time ago.

One area, if you want to examine it—it is not perfect—is the horticultural industry in the United States and Canada, sweeping North America. It is not free of subsidies or of interference, but it is a lot freer than grain and livestock. You have the added advantage that you do not build up surpluses, because in most cases they are not storable; you do not have that overhang. Largely, that horticultural industry is in reasonable shape. It swings widely.

The big difference is what you get in crops. In grains you might have a five per cent increase one year and a two per cent decrease the next year. In horticultural crops you have 20, 30 or 40 per cent increases from one year to another because of weather and so on. You do have times when you have some pretty low prices, but they are generally matched up when, at other times, you get high prices.

That industry is better off in many cases because it does not have interference. In grains and livestock we have interference. Bargaining is done largely in Europe and in the United States, and then it comes back to us. We cannot say we will not interfere with the agricultural market, that we will let it go, because in Canada, essentially, that would mean that all of us would go down the so-called tubes.

I do not see the great juxtaposition of those two statements.

Mr. Hayes: On the statement that was made that the majority of farmers are able to realize a modest profit, I would like someone to tell me what he considers to be a modest profit. There are a lot of people out there who confuse what the farmer actually sells with what he makes. Sometimes they think that because the farmer sells for \$25,000 or \$30,000, that is the profit he makes. That is a myth in itself, or a misjudgement.

The other thing the minister mentioned was the world surpluses. Do we really have a world surplus, or do we have a surplus for those who can afford to purchase the food? We talk about world surpluses, and yet there is famine going on in India and Asia, the Third World. How do we address that concern? How can we sit here and say there is a surplus? There might be a surplus for those who can afford to purchase the food, but there certainly is not a surplus for other areas in this world.

Hon. Mr. Riddell: That is a fact of life that has been very difficult for me to reconcile. We hear that one third to two thirds—I do not know the accurate figure—of the world's population is going to be undernourished each night, and yet on the other hand, we have what we call a world surplus of food. How do you get that food to those undernourished people when, in most cases, we are talking about Third World countries that do not have any means of trade?

If you listen to the missionaries who go over to help some of these Third World countries, they say the worst thing you can do is to send food to these people, because a large part of their labour force depends on agriculture and you will drive the labour force out of jobs if you dump all the food into those countries. It is a problem that is very difficult to solve, but I think we are solving it, to a certain extent.

16:40

Some of the Third World countries are coming into their own. Over time, there will be a way whereby they can trade with the food-producing countries such as Canada and the United States, but none of us can predict the future. None of us knows how long we are going to have a world surplus of food.

There are so many things that can change this. For example, we do not need very many incidents such as that at Chernobyl, but that is not to say we will not have them. It may well be that, over time, farmers will have to revert to a more organic type of farming. We may not have a choice.

We may not for ever be producing the tremendous quantities of food that we are at present. If we can lick the world's surplus food problem, farmers will once again be able to rely more on the marketplace for the prices they receive for their products.

I was reading an article today that said the European Community has such a surplus of food that it is now debating whether to store the food, which will cost about \$4 billion, or dump it on foreign markets, which will cost \$2.5 billion. It

looks as though they will go the \$2.5-billion route, in which case we might be looking at more problems than we have at present.

It is difficult to predict the future, but with the situation as it is, we know in all cases that farmers cannot rely solely on the marketplace for their income.

The Vice-Chairman: Does that satisfy you, Mr. Hayes?

Mr. Hayes: That was a good answer.

The Vice-Chairman: It was an interesting answer, anyway.

I am glad to be here. I did not realize it was going to be quite as philosophical as this, or I would have prepared myself mentally and physically.

I am not quite sure what we are doing here. It sounds as though we are having a discussion about food.

Mr. Stevenson: If there is a bit of a pause in the questioning, I will—

The Vice-Chairman: Do you have a question, Mr. Stevenson?

Mr. Stevenson: Yes.

Hon. Mr. Riddell: First, the chairman should be made aware of the discussions that took place earlier. The committee wanted to have a free-wheeling discussion on all these votes.

The Vice-Chairman: I understand that, and I think a free-wheeling discussion is a good idea. I was trying to catch up with how free-wheeling and philosophical you were being, and I will be happy to hear your next question.

Mr. Stevenson: I asked one question, and then a number of members joined in on the topic. We have reached the end of that portion of the discussion, so I will go on with another related area, if you so wish.

The Vice-Chairman: I would like you to do that.

Mr. Stevenson: To carry on in the general area that we have been talking about, can you give me the precise figure, if you have it, or a ball-park figure, if you do not, on what percentage of the net income, averaged across Ontario farmers, came from government in 1985?

Hon. Mr. Riddell: I do not know whether my staff would have that. With the passage of the Food Security Act, if we put it on a country-by-country basis, about 50 per cent of the farmer's income in the United States will come by way of subsidy, and in the European Community, about

70 per cent. In Canada it boils down to 12 per cent to 15 per cent.

If you are talking about Ontario, I would have to refer to my staff. Would you have that, Mr. Seguin?

Mr. Stevenson: I am surprised Ontario is that low. I understood that Ontario was up around 30 per cent three or four years ago.

Hon. Mr. Riddell: No. The figure I used was for Canada. I said that 12 to 15 per cent of the Canadian farm income came by way of subsidies. Am I right or wrong?

Mr. Seguin: It is a bit low in the last couple of years.

The figures I will quote from are Statistics Canada catalogue 21-202, Farm Net Income. For 1985, as a percentage of net farm income—these are net government payments—for Canada, in total, it works out to 48.3 per cent. That is because of significant federal payments and partial provincial payments across the board. For Ontario it works out to 23.2 per cent, of which 12.3 per cent is from the province and only 10.8 per cent is from the federal government. That is net payments from the governments to farmers as a percentage of net farm income.

Mr. McGuigan: That is 48.3 per cent and 20 per cent?

Mr. Seguin: It is 23.2 per cent, roughly.

Mr. McGuigan: It is 23.2 per cent and then 12—?

Mr. Seguin: It is 12.3 per cent for Ontario versus 10.8 per cent as a federal share of those payments.

Mr. Stevenson: Have you calculated those approximate figures for some of the major commodities? For instance, have you tried to separate that for dairy versus hogs versus feedlot operations?

Mr. Seguin: No, we have not. The focus right now is to try to get these figures strictly calculated. There is quite a variation among the provinces in how they report these figures, and this is the first time we have had one consistent source over time by which to compare. On this national agriculture strategy you may have heard the minister speak about, one of the efforts within staff was to try to get a concise, cohesive effort on calculating subsidies, on a by-province basis, and from there to start working on a per product basis.

For example, for dairy it would be fairly easy, given the dairy subsidies from the federal government; but for other crops and commodities, it can be widely variable. For example, this

year with the proposed \$1-billion payment by the federal government, plus the Western Grain Stabilization Act payments, plus the Agricultural Stabilization Act payments, the net payments by federal and provincial governments to grain and oilseed producers will be considerably higher than they were just two years ago. You can have quite wild variations.

Mr. Stevenson: Yes, I am very much aware of that.

In the studies that the Ministry of Agriculture and Food has on individual farm operations—and I forget the proper name—you do have a fairly intensive analysis of bookkeeping records on co-operative farms in the province.

Mr. Seguin: Are you referring to the Farm Business Management Handbook?

Mr. Stevenson: Yes. For example, quite frequently you show the average statistics for the best third of a particular farming commodity or commodity area. Have you attempted to calculate from those records, from those individual farms, from the various commodity groups, the percentage of net income that would be from government sources?

Mr. Seguin: You are referring to the Ontario farm management analysis project?

Mr. Stevenson: Yes, whatever.

Mr. Seguin: There are two different report systems for those in the top one third. From that, you could make some calculations, but as I recall—I do not have the publication in front of me—they are not easily broken out in that manner, because that is not one of the reasons they are done. They are done more to get both a gross income and a net income figure as best they can and then to look at the production efficiencies on a per unit basis, per dollar basis.

It could be done with some extra work, but at this time it has not been done. Again, for example, the dairy commodity would be relatively easy. The cash crops and the livestock would be far more difficult.

16:50

Mr. Stevenson: In the other areas it would be far more variable, I am sure, depending on what government program they were involved in. For example, if one was on an OFFIRR and another one was not, there could be quite significant variation from that one alone. Certainly the year-to-year variation could be very different because of the programs you listed in response to the previous question.

If for nothing else, that sort of information would be good to have to keep a handle on what it

means to individual farmers to have these government programs available to them and, I suppose, almost as a danger signal to governments and policymakers about just how reliant certain groups in the agricultural industry are becoming on agricultural programs. I come back to the statement, "The myth that farmers can derive all their income from the marketplace should be dispelled." Regardless of what interpretation you put on it, whether you interpret it the way Mr. McGuigan has done or in some other way, it seems to me that this sort of information would be very useful.

Mr. Seguin: I agree. However, if you recall, the agricultural council report also mentions that farmers are not a homogeneous group. That is what brings up Mr. McGuigan's point. It depends upon what commodity group they are in, what kind of marketing regulatory environment they are in and, of course, the points you brought up: whether they are accessing the various programs, whether they are eligible for the programs and whether they are in a debt situation, which many farmers are not. That is going to change how government programs will affect them, can affect them and do affect them.

The proposed analysis you are suggesting would be useful if we could consistently get sufficient data to work on. That is one of the things we are doing now with the farm management analysis project, through the various programs the ministry has put in place encouraging farmers to provide these records and to get not only consistent record-keeping but also a sufficient pool and sample by which to make valid judgements. As you are probably well aware, basing a policy decision on the records of several dozen farmers makes it a bit awkward to validate that decision.

Hon. Mr. Riddell: Perhaps you can also comment on the study being done at the federal level on top loading, side loading and bottom loading.

Mr. Seguin: When the tripartite stabilization agreement was signed, there was a decision that there would be a federal-interprovincial study on all red meat programs and the impacts these have on red meat producers. This was to be funded by the provinces and the federal government. A series of consultants has been hired to do the analysis across Canada on the basis of information freely provided by all the provinces and the federal government and looking at all the programs.

The first thing they found out was that there were far more programs than anyone had

anticipated. They are having difficulty making some of these analyses. The effort is there. The intent is to have a report early in 1987. It will be one of the first times that such a consistent report has been done across the country, looking at questions the minister just raised: top loading, bottom loading, side loading and the impacts of these. At this time, the consultants are in the midst of preparing that report.

Mr. McGuigan: What the world needs is unloading.

Mr. Stevenson: I will take a break for a moment, if anybody has any questions on that line of questioning.

The Vice-Chairman: Does anybody want to get in on bottom loading, top loading, side loading or unloading, whatever they may be?

Mr. Pierce: It may be worth while for members of the committee to have copies of the document referred to and the figures of the actual farm subsidies to the farmers in Canada and the United States as they relate to the provinces. Is that available?

Dr. Switzer: No.

Mr. Seguin: Yes, it is. We will make copies for you and have them available later.

Dr. Switzer: I thought you were referring to the one that is under way.

Mr. Pierce: No, I mean the one that was being referred to.

The Vice-Chairman: Is that Statscan catalogue 21-202 or whatever was referred to?

Mr. Stevenson: I will move on to a somewhat different area. I was going to get into the farm tax rebate program, but I will leave it, for the moment at least, in the light of the minister's response at the beginning of this afternoon's session.

The agrimortgage was a recommendation made by the Agricultural Council of Ontario. Its study started in February 1985 and I believe its report was submitted in May 1985. It exists as a recommendation in the June 1986 report from the Agricultural Council of Ontario. "The council proposes that the government of Ontario should proceed immediately with implementing the agrimortgage proposal, earlier submitted by the council." It is also a recommendation of the Ontario Federation of Agriculture in its 1986 submission to cabinet. I would like to get the minister's views on the need for the agrimortgage, his opinion on the good points and on any bad points he may view that concept to have.

Hon. Mr. Riddell: This is a proposal the Ontario Federation of Agriculture has been making for some time. Even before I became minister, it was proposing the agrimortgage concept to the federal government. I believe that when was in opposition, I was supporting its efforts to get some kind of agrimortgage program in place. I am not convinced I fully understand what is involved in this agrimortgage program. I know it is a case of trying to get more private investment into farm mortgages. They would get some tax relief and this would be an incentive to get more private money into the farming community.

We have given it some consideration at the provincial level, but it is a program that should be taken on at the federal level. My counterpart in Ottawa has not been enthusiastic about the program. In place of it, he came out with what he calls a commodity-based mortgage. There is someone who knows more about the agrimortgage concept than I do. Mr. Seguin, can you give us the benefit of your knowledge of this subject?

17:00

Mr. Seguin: The agrimortgage concept the Agricultural Council of Ontario is referring to is one that it has had for the past 22 years. Mr. O'Brien raised it at the conference of agriculture ministers on the agricultural credit situation in late 1984. It received lukewarm acceptance because as the minister just pointed out, there are some upsides and downsides to the concept. As has been indicated, Mr. O'Brien and the Agricultural Council of Ontario approached the federal government to see whether this would be implemented at the federal level. The Farm Credit Corp. has taken this whole issue of guaranteeing private mortgages, whether it is called an agrimortgage or whatever, under consideration. They have not given up the idea but also they have not approved it.

The difficulty comes in dealing with people on a private basis in terms of how to monitor the transactions and to ensure the equity if things should go wrong. At the provincial level, we do not have an administrative infrastructure set up to handle the size people are talking about in regard to agrimortgages. The federal level, through the Farm Credit Corp., has expertise in handling credit negotiations and the administrative structure to do it. More important, it has the financial base to handle the possible liability of the government. As the minister indicated, Mr. Wise, the federal Minister of Agriculture has not yet replied either affirmatively or negatively to this idea.

Mr. Stevenson: I am sorry I do not have the figures with me—it is so long since I have reviewed the source of money or the percentage of funding from various sectors for agricultural mortgages—but as I recall, funding from private sources for agricultural mortgages was something like 23 per cent to 27 per cent of total mortgage money in Ontario versus a Canadian average of only about 10 per cent of available money coming from private sources.

It is a program that is potentially much more significant for this province than it is on a national basis. I would think the federal government would look at other alternatives before augmenting a program or a sector that produces only 10 per cent of the mortgage money on a national basis. I suspect that is why the Agricultural Council of Ontario and the OFA have brought this idea to the provincial government. It has a particular interest as opposed to an interest on a national basis. I take it that guaranteeing mortgages is an area the government of Ontario now would just as soon stay away from. Is that correct?

Hon. Mr. Riddell: Right off the surface, I would say that it is a program that got us into a wee bit of trouble when we had the program known as option C of the Ontario farm adjustment assistance program. We had some bad experiences and we are not about to open that up again. That was a 100 per cent government-guaranteed program.

Mr. Stevenson: Were the problems associated with the basic nature of the government guaranteeing mortgages or were they related more to the way the program was written up?

Hon. Mr. Riddell: Perhaps Mr. Seguin will answer.

Mr. Seguin: It was a combination of both. The way the program was written up created some difficulties in the handling of the guarantees when called, but there was also the whole problem of the guarantee concept. For example, the Alberta program is a guaranteed program that will greatly increase the potential liabilities of that government. Quebec has gone the same route and has found itself in the situation of owning a lot of the farm debt. It will be in a position to make or break the farmer if he cannot pay the debts.

We now are in a situation where the farm debt review board, put in place by the federal government, has to ask the provincial government for leeway, a grant, a deferral, a write-down or whatever the options are. It puts the province in a very difficult situation vis-à-vis the

client groups. By providing direct cash assistance, allowing the banks some leeway in making judgements and encouraging proper judgement with the use of the grants, the way OFFIRR operates takes the province out of the guarantee aspect. There is a combination of factors.

Mr. Stevenson: Are the OFFIRR-type programs available to people with private mortgages?

Mr. Seguin: I believe they are; I believe they are available to anyone with outstanding mortgages.

Mr. Stevenson: As long as it is deemed to be at arm's length. How carefully is that checked out?

Hon. Mr. Riddell: I will call on Henry Ediger.

Mr. Ediger: OFFIRR is for short-term and intermediate-term debt, not mortgage debt. It is for farm machinery loans and short-term debt. However, private debt is included in that if you are borrowing from a supplier or whatever the case might be.

Mr. Stevenson: That brings me to the end of that section.

The Vice-Chairman: Does anybody else want to get in on agrimortgages? Mr. Stevenson is on for his next topic.

Mr. Stevenson: The next question relates to another recommendation of the Agricultural Council of Ontario, "The council recommends an insurance program to protect all commercial farmers from fluctuation in interest rates on operating credit." Has the government given much consideration to pushing this concept? This sort of thing now is available to home buyers, if I understand what they are talking about here. Has there been any input with banking circles to promote that idea for agriculture or is it happening already and I am not aware of it?

Hon. Mr. Riddell: I will call on Rita Burak, who fully understands all the recommendations of the Agricultural Council of Ontario.

Mrs. Burak: Actually, I was going to start off by saying that I have not read its report in quite a few months.

You have raised the question of whether the government, and I presume the people who provide policy advice, have thought very much about the issue of interest rate insurance. I am sure you are aware that at the end of the report of the interministerial task force on agricultural finance, they go through a description of a

number of assistance programs that might be brought into play. They touched on interest rate insurance and we certainly looked at that. On balance, looking at the pros and cons, this was something the task force obviously decided not to recommend to the government. One of the big problems with interest rate insurance is that if a problem occurs, it affects a large number of policyholders at the same time. It is a very difficult concept in terms of preparing for the liability.

17:10

Mr. Stevenson: So when you have a fire, you have a forest fire.

Mrs. Burak: That is right. I think programs that provide interest rebates such as OFFIRR in one sense assist the problem of high interest rates. Therefore, it was not recommended at this point, but it is something that we can look at again in the future.

Mr. Stevenson: In the light of programs such as OFFIRR, can you suggest why the council it would have made this recommendation other than perhaps for the concerns of termination of programs such as OFFIRR?

Mrs. Burak: I suppose the point you are making, and one of the things the task force looked at, is that this might be one long-term approach to buffering people against wide fluctuations in interest rates. The Agricultural Council of Ontario, elsewhere in its report, complimented the OFFIRR program for the way it addresses the problems we are facing today. They recommended continuing it for another couple of years. They, too, may have been thinking this is something that needs a bit more study.

Hon. Mr. Riddell: Mrs. Burak, perhaps you can explain what the council had in mind by interest rate insurance.

Mrs. Burak: The theory is based on the fact that when there are wide fluctuations in interest rates, farmers will be able to make some minor contribution towards an insurance scheme—it is as simple as that—against the wide fluctuations.

Hon. Mr. Riddell: Has it been tried in any other jurisdiction?

Mrs. Burak: I am not certain it has, but it may very well have been; I do not personally know of any.

Mr. Stevenson: Would not the mortgages available to home buyers be deemed an interest rate insurance scheme? I believe there was at

least one bank offering some sort of interest rate protection.

Mrs. Burak: It is in the same family.

Mr. Stevenson: Are you aware of any thorough study of trying to use that type of scheme adapted to agriculture?

Mrs. Burak: I personally am not. When the chairman of the task force comes later on, she may be better able to speak about other jurisdictions. They may have looked at other jurisdictions to see whether any of their schemes have been tried.

Mr. Stevenson: I will pause again.

Mr. Hayes: On the OFFIRR program, it was asked whether it can be used when there is a private mortgage. Can it be used to put against a farmer's mortgage at this time?

Mrs. Burak: The OFFIRR grant?

Mr. Hayes: Yes.

Mrs. Burak: That is what we hope people will do, use the OFFIRR grant to lower debt. We do not specifically prescribe that when we give out the grant.

Mr. McGuigan: The interest rate insurance program is not like the stabilization program, where the farmer, the federal government and the provincial government each put in \$1 and there is a net gain over the normal course of the life of the contract for the farmer. He is subsidized. But on an interest rate insurance plan, it would really be his own money, would it not? If the standard rate at the time were nine per cent, he would pay 10 instead of 9 to take care of the time when the rate goes up to, say, 12 per cent.

Mrs. Burak: That is correct. Using the stabilization program as a comparison, you would at least have a historical basis to predict what might happen; but with interest rates, it would be difficult to make predictions.

Mr. McGuigan: But on stabilization, over time you will probably get some dollars that are not your own, whereas on this you deal just with your own dollars.

Mrs. Burak: That is correct. You are hedging your bets.

Mr. McGuigan: I will take my chances on the low time.

Mr. Stevenson: The nature of the program is to allow a producer to budget with interest for a worst-case scenario and not take chances. If he is in the wrong commodity, a stabilization program in a particular area does not help him in a period of bad interest rates. An OFFIRR-type program does and would, as long as the interest rates did

not go out of sight again, at which time an insurance program could conceivably be better.

Hon. Mr. Riddell: We think there should be a changing role for the Farm Credit Corp. We indicated this months ago, when Mr. Wise said the role of the Farm Credit Corp. was under review. We sent a series of recommendations, and one of them was that the Farm Credit Corp. should be making available not only long-term loans but also intermediate and short-term loans. We also recommended that those loans be at a fixed rate of interest that farmers could cope with. If we could get those changes in the Farm Credit Corp., then I am very sure we would not have to be considering interest rate insurance.

Mr. Stevenson: Getting near the last half-hour or three quarters of an hour of today, if any of the committee members here today are going to have any problem getting back any other day and want to change completely the line of questioning for right now, I will happily step aside and let some of them take their opportunity. Otherwise, I will carry on.

Mr. Chairman: Mr. Hayes had his hand up earlier.

Mr. Hayes: This is the first time I have had to deal with the estimates, and I wonder how we handle talking about increasing the overall financial assistance when the budget and figures are already in here. How can we handle such an issue during estimates? Is the minister just going to tell me he will raise it and agree?

Mr. Chairman: That is a most appropriate question. The minister could make a commitment.

Mr. Hayes: Then we could deal with it.

Mr. Chairman: It would be highly unusual for that to happen during an estimates debate. Did the minister wish to respond to that?

Hon. Mr. Riddell: I am not sure what the question is. Is he asking me by how much I am going to increase the budget over the next period?

Mr. Hayes: We have asked that you raise financial assistance to agriculture to at least the level of the rest of the provinces in Canada. My question is, how does this affect this session of estimates? Will you do it?

17:20

Hon. Mr. Riddell: I am not sure your premise is right to begin with. Do you want to talk about our contribution to the agriculture industry in comparison to those of Alberta and Saskatchewan? Let me reiterate that in 18 months we have increased our budget by 56 per cent. I believe

Alberta or Saskatchewan increased its budget by about 10.8 per cent; the other province decreased its budget by about 1.1 per cent. I want to get straight some of those figures on how we are doing in comparison to other provinces.

Mr. Stevenson: Using those figures, we certainly would want to get it straight.

Mr. Chairman: The tradition has been that if the ministry wants to increase its expenditures, it brings in supplementary estimates and gets approval for those from the Legislature.

Mr. Hayes: I am not trying to pretend I know it all. I am just saying that a resolution that this be done was unanimously passed in the House. The minister disputed those figures. I know he has a pretty fair relationship with the Ontario Federation of Agriculture. These are the figures they have presented. They are from the research and communication unit of the Ontario Federation of Agriculture and the farm financial assessment report of the regional development branch of the federal Department of Agriculture. This is where they are quoting their figures from. If the minister is disputing those figures, fine. Perhaps we should give him an opportunity to come back with figures, but it is imperative that we deal with this. If the case they are presenting is factual, I will have to ask the minister whether he is prepared to come back with supplementary estimates.

Hon. Mr. Riddell: We may be able to provide more accurate figures right now without having to come back, but I know the leader of the official opposition and the critic of the official opposition have been saying in the Legislature and in their sojourns around the province that Alberta increased its budget by 100 per cent and that Saskatchewan increased its by 75 per cent.

Mr. Stevenson: It is the other way around.

Hon. Mr. Riddell: Saskatchewan increased its budget by 100 per cent and Alberta increased its by 75 per cent. I would like Mr. Seguin to come up and indicate whether that is the case. If you are talking about hard money, it is my understanding that—did Alberta increase its budget by about 10 per cent and did Saskatchewan decrease its budget, or the other way around? Mr. Seguin may be able to tell us.

Mr. Chairman: Mr. Seguin is not an actuary, is he?

Mr. Seguin: I am an economist.

Interjection: That is worse.

Mr. Seguin: The figures from Statistics Canada that I referred to earlier are somewhat

consistent because we flesh out fairly clearly—and I will be providing these to members later—expenditures, both federal and provincial, for each province over a series of years. For example, the net provincial payments for Alberta, as a percentage of net farm income—we broke it down this way to take a consistent look at it, because this is the way the OFA was taking a look at it.

In 1984 approximately 7.2 per cent of net farm income came from provincial payments in Alberta. In 1985 that jumped to 16.3 per cent, which reflects the estimate that it jumped 100 per cent. We do not have the final estimates for 1986, because 1986 is not complete. However, there have not been any major new initiatives in Alberta this year, aside from the \$2-billion plan, which is essentially a guarantee with an interest rebate somewhat less than that of our OFFIRR program. In Saskatchewan, provincial payments as a percentage of net farm income jumped from 4.1 per cent to 6.5 per cent—not quite 60 or 70 per cent, but still significant enough.

The important thing, though, is that in both provinces, federal payments to those producers—and this includes western grain stabilization, crop insurance and a host of other programs—jumped, almost doubled or even tripled in the case of Saskatchewan, between 1984 and 1985, and they will probably do so again this year. They are becoming very expensive, which reflects the major federal contributions to those provinces, as agreed by various programs and various other incentives.

We do not have similar programs in this province. The payments to producers differ not only because of payments by the province but also because of payments by the federal government. The figure Mr. Hayes is referring to, this level across provinces, will vary both by year and by the programs the farmers have access to. But the provincial contributions for this province are closing on the net level across Canada, and the figures I will provide to you later will show that.

Mr. Hayes: I would prefer that we do get these figures so that we can all look at them and really know exactly how each province is doing in its assistance to farmers.

Hon. Mr. Riddell: There are some more figures that might be a wee bit interesting here. Concerning government assistance to agriculture, net government payments as a percentage of net farm incomes, in 1984 in Ontario the federal contribution was 16.55 per cent; it dropped in 1985 to 10.87 per cent for Ontario. In Saskatchewan the federal contribution was 25.42 per cent

in 1984; it increased in 1985 to 77.98 per cent. In Alberta the federal contribution in 1984 was 36.36 per cent; in 1985 it was 67.37 per cent.

Is it any wonder that the Minister of Agriculture, Fisheries and Food in Quebec and I continued to harp, at the first ministers' conference, on the federal government's commitment towards central Canada, towards the two largest agricultural producing provinces that we have in this country, Quebec and Ontario? Yet we are seeing the federal contribution drop, and it is increasing very substantially in Saskatchewan and Alberta. I hope my counterpart here, the official opposition critic, will have a word with his counterparts in Ottawa to see why we are not treated on an equitable basis.

Mr. Hayes: Mr. Stevenson probably convinced them to put in a similar plan to the farmers in training program. Maybe you can talk to them on that too, Mr. Stevenson.

Mr. Pierce: I have a couple of questions that relate to farming in the Rainy River district, which is the riding I represent. The minister has made a couple of trips to the district and has talked to many of the farmers and to many of the representatives of the different farming organizations, such as the beef cattle raisers, the pork producers, the milk producers and the cream producers.

17:30

He has also talked to some of the land-owning farmers caught in the situation of being required to pay for the decisions that have come down from the Ontario Drainage Tribunal. On the request of one or two land owners, a consultant did a study on whether a drainage ditch should be put in. The consultant does the study. It is not well done and it is recognized by the tribunal as not having been well done, yet the full cost of the study is borne by the land owners abutting the property on which it was requested that the study be done.

My district is not the only one that has had these kinds of situations. I believe they have had two or three appeals. Every time they have an appeal, it costs them more money and they lose. Is there anything within the Ministry of Agriculture and Food that would indicate it is time somebody started to look at the parameters that are given to the drainage tribunal?

Hon. Mr. Riddell: We are looking at the Drainage Act per se. We are looking to see whether, with the changing times, there need to be some changes in the Drainage Act. We are currently reviewing the act in accordance with

the concerns that have been brought to our attention by the very people you are talking about, concerns that also come to the attention of the drainage tribunal. We are taking a look at the Drainage Act, but I am not sure I am completely aware of the specifics of the case you are talking about. Mr. Ediger, are you?

Mr. Ediger: I am not sure. Can you tell me where this is?

Mr. Pierce: I am talking about the one in Alberton township.

Mr. Ediger: Where is that?

Mr. Pierce: In the Rainy River district.

Mr. Ediger: No, I am not familiar with it.

Mr. Pierce: The Ducharme drain.

Mr. Ediger: I am not familiar with it.

Mr. Pierce: They have had two or three appeals to the drainage tribunal.

Mr. Ediger: What they do is to assess benefits.

Mr. Pierce: They did that.

Mr. Ediger: Yes.

Mr. Pierce: The cost of the study was \$50,000. The ditch was deemed to be unnecessary, but the cost of the study is borne by all the land owners who would have been affected had the drain been put in. The request to have the drain was by one or, I guess, two land owners who were upstream from where the drainage ditch would have been built.

Mr. Ediger: No. You have to have either two thirds of the land owners or two thirds of the property to begin—

Mr. Pierce: To make the application?

Mr. Ediger: Yes, I believe that is true.

Mr. Pierce: I am afraid that is not the situation. I have sent letters to the minister in respect of this application.

Mr. Ediger: I do not think you can get one started, but let us check with the drainage people on this. We will get a specific answer.

Mr. Pierce: It is called the Ducharme drain. It is in the municipality of Alberton in the district of Rainy River.

Hon. Mr. Riddell: Is this the one the tribunal stopped?

Mr. Pierce: What the tribunal determined was that, on the basis of the information provided by the consultants, the ditch would not be a cost benefit either to the land owners applying for it or to those abutting the proposed ditch.

Mr. Ediger: Is this in an organized township?

Mr. Pierce: Yes.

Mr. Ediger: It is a little different in the north. I had better get the drainage people to supply details.

Mr. Pierce: I would appreciate that.

Mr. Chairman: Did you want a supplementary on that, Mr. Miller?

Mr. G. I. Miller: It would be on the debentures in connection with municipal drains. That seems a tremendous cost in the case you mentioned, Mr. Pierce.

Mr. Pierce: That is what the land owners thought, too.

Mr. G. I. Miller: However, the debentures that were put out at 19 per cent by municipalities have been taken up. In our area it is creating considerable hardship because they are not getting relief. There is no way. The debentures have been taken by the municipality, and they have to pay that high interest rate.

The first question I would like to ask the minister is whether there is any possibility of being eligible for interest assistance for relief as part of a farm debt, perhaps under the OFFIRR program. I assume the debentures have likely been taken out around Ontario, and they were locked in by a municipality when the interest rate was at a high level. I believe they are for at least 10 years.

Mr. Pierce: I do not want to interrupt during your questions, but in fairness, I think the frustration that has been felt by the municipal councils and the amount of time they have spent with this problem is such that they have thrown up their hands and said: "We are not going any further with this thing. We are paying the damned bills and we are just going to forget it." Unfortunately, the people who would have been affected by the drain are not saying the same thing because their tax bills have gone up substantially to cover off the cost of the consultant who did the studies to indicate that the ditch was not necessary and would not contribute any cost benefit.

I understand the land owner has made another application to have another study done. The land owners abutting the ditch will bear the cost of the study, which will again prove the drain is not feasible and not a cost benefit to the property.

Hon. Mr. Riddell: This is the trouble with having a free-wheeling discussion. Had we known this was going to take place, we would have had our drainage people here. I recall a case—and it may be the case you are referring

to—where there was an exorbitant cost associated with the consulting or the engineering. I forget what it was. When I looked into that, and I believe I am right, but I do not want to be quoted on this—

Mr. Pierce: You are going to be in Hansard.

Mr. Chairman: You are in the right place.

Hon. Mr. Riddell: I believe the drainage tribunal can order a reduction in the fee charged, if the tribunal finds it is an exorbitant fee. I recall looking into that some time ago. I do not know whether my staff can help me on this. Can the drainage tribunal not order a reduction if the engineers or the consultants have charged an exorbitant fee?

Mr. Ediger: I believe they can.

Mr. Pierce: Rather than trying to second-guess what has happened, why do we not leave it with you and your staff. I would appreciate an answer.

Mr. Stevenson: I would like to hear an answer to Mr. Miller's question. I thought that was a very interesting question.

Mr. Ediger: I believe the highest interest rate we have charged on drainage loans is 10 per cent. Right now, the rate is at eight per cent, if I am not mistaken. The only benefit would be two per cent.

Mr. G. I. Miller: The debentures to the municipality?

Mr. Ediger: Yes.

Mr. Pierce: To pay the bills.

Mr. Ediger: For drainage.

Mr. Pierce: No, for the study. They never did the ditch.

Mr. G. I. Miller: No. I am referring to debentures by the municipality for municipal drains.

Mr. Stevenson: They are lent.

Mr. Ediger: I see. Okay.

Hon. Mr. Riddell: They are eight per cent debentures.

Mr. G. I. Miller: No, I think you will find they are 18 per cent. The debentures have been taken by the municipality, and they are paying—

Mr. Ediger: This is for municipal drains then. That would take a lot more funding.

Mr. G. I. Miller: For municipal drains. I know I am right because I get complaints from farmers wanting relief, but they got trapped and are locked in for at least 10 years, and the tax base is on a payback on a yearly basis.

Mr. Chairman: May I suggest that we deal with the supplementaries and then schedule a debate on land drainage for Monday, Wednesday or Thursday next week, whichever day you want. Do you want to schedule it for Monday?

Mr. Pierce: That would be fine.

Mr. Chairman: Why do we not set that as our schedule that on Monday we have the land drainage people? Mr. Hayes, you had a supplementary.

Mr. Hayes: I think it is a very good question and one that pretty well all farmers are faced with.

About a year ago, the minister was questioned on this, and I think he did remark that he was going to set up either a standing committee or a special committee to deal with the problems we are talking about today, with the Drainage Act itself and how it affects farmers. How is that progressing at this point? Is the minister prepared to continue to do that or set it up?

Hon. Mr. Riddell: Several members had been asking for a review of the drainage program of the Ministry of Agriculture and Food. I believe that was the recommendation made when we discussed the budget last time. In discussing the situation with staff and my advisers, it appears some want a complete review of the situation while others are advocating no change or a minor change in the program. Nobody has expressed a lot of concern.

17:40

I have talked to the chairman of the Ontario Drainage Tribunal. I asked him: "What is really coming before you? Are there any real concerns you feel need addressing? In other words, are there any changes that are needed in the act to prevent some of these concerns from coming to your attention?" He thinks the act is working very well, and that if there are any changes needed, they could be done by way of regulation.

I have not heard too many say that amendments need to be made to the Drainage Act. If there is not much concern, why try to amend an act that is working fairly well?

Mr. Hayes: I am not too sure it is working all that well. Perhaps we are in a situation where people do have these concerns but they feel the act itself is a hard-and-fast rule. Perhaps they figure they do not have an avenue to go to. I have spoken to several people and I see the issue has come up again this year. It looks as though there is a lot of discussion about it here. I think we should be taking a very serious look at this concern.

Mr. Stevenson: Maybe for Mr. Hayes's benefit, I could précis the minister's comments. Up to this point, he has decided not to kick a hornets' nest. Maybe that would be a more correct way of saying it.

Hon. Mr. Riddell: I am not sure that is correct. If you go out and get a consensus of the farmers across this province, you will find they are pretty happy with the Drainage Act and what it has done for them over the years. If you have done any drainage on your farm in the past 10 to 20 years, I am sure you cannot complain too much about what the Drainage Act has meant to you.

Mr. Stevenson: I thought we were talking about the municipal drains, not the on-farm drainage.

Hon. Mr. Riddell: No. I think Mr. Hayes was asking for a committee to be established to look into the Drainage Act. Am I right or wrong?

Mr. Hayes: We are also looking at the municipal drains.

The point the minister brought up just a moment ago about the elaborate engineers' report; that is one area we should be looking at. It seems that engineers draw up reports and they get paid for them whether they are good or bad and whether they are accepted or rejected. Perhaps we should be looking at that part of this issue where it is hard to fault them.

When I was reeve in my municipality, we had an engineer come in who was going to show us how to run water uphill. There has to be some common sense in some of these reports. Municipal reports that farmers get involved in should be looked at.

Mr. Stevenson: Just to clarify the situation, there are three acts involved in drainage; the Agricultural Tile Drainage Installation Act, the Tile Drainage Act and the Drainage Act. The one I am talking about and that I thought Mr. Miller and Mr. Pierce were talking about is the Drainage Act. The one the minister referred to with respect to my own farm is the Tile Drainage Act.

I hear very few complaints about the Tile Drainage Act, but there is a considerable list of problem situations with the Drainage Act. I have no idea what percentage of the total number is an irritant. It may be only five per cent or 10 per cent. I have no feeling for the percentage of problems that exist, but there are irritants of considerable intensity relating to the Drainage Act. Many times, farmers take a different view of the workability or success of that act vis-à-vis municipalities and other farmers. It is a very

delicate issue, about which the minister—and he is certainly not the first one—has been a little bit reluctant to kick the hornets' nest.

Mr. Pierce: Perhaps the minister could assist me somewhat. Another concern I have raised both in the House and in letters to the minister is the inequities of the regulations concerning cream producers in the Rainy River district.

Mr. Chairman: Are we off tile drainage now?

Mr. Pierce: Yes.

Mr. Chairman: All right, we will go back to the tile drainage question on Monday.

Mr. Pierce: This is the regulation that requires that cream producers be residents of Ontario and market their cream in Ontario to qualify for programs under the cream producers' regulations. The cream producers in the Rainy River district do not have a market for cream in Ontario. Through an agreement between Ontario and Manitoba, their cream is sold in Manitoba. Last year they sold approximately 14,000 kilograms of cream; this year the amount was reduced to 13,678 kilograms.

These cream producers are being discriminated against because, under the regulations that say they have to sell their cream in Ontario, they cannot qualify for the programs that would allow them assistance with barns, producing equipment and so on. As far as I can find out, it is the only area in Ontario that is caught in this kind of situation.

Hon. Mr. Riddell: I have had some discussions with my senior policy staff on this. Dr. Ken McDermid has come prepared to respond to your question.

Dr. McDermid: We have looked at the situation and we are taking steps to have the order in council amended to encompass the cream producers in your area. That will be done as quickly as possible.

Mr. Pierce: I appreciate that. The cream producers in the Rainy River district will be quite happy about that.

I understand it was nothing more than an oversight in the drafting of the regulations that did not appreciate that there were cream producers who were not selling their cream in Ontario.

Dr. McDermid: That is correct. It was an oversight; it certainly was not intended.

Mr. Pierce: It was not by design.

Dr. McDermid: That is correct.

Mr. Pierce: All right. I can convey that message to my cream producers this week. They

will be quite happy to hear it. Thank you for that response.

Mr. Stevenson: It is fortunate the cream producers of the Rainy River area contacted Mr. Pierce so this problem in their production system could be straightened out quickly, with a minimum of inconvenience to them.

Hon. Mr. Riddell: That just shows how co-operative this government is and how quickly we act when one of our colleagues brings something to our attention.

Mr. G. I. Miller: We have not forgotten about the north.

Mr. Pierce: The next question I have should not be a problem at all. With respect to the transfer of cattle in northwestern Ontario, I realize the problem in moving cattle from northwestern Ontario across the American border and back into Manitoba is not a problem that relates to Ontario, but it is a problem that Minnesota puts on the beef producers in northwestern Ontario. Minnesota does not allow them to seal their vehicles prior to entering the United States and then to go directly to the state of Minnesota and back into Manitoba. I will do nothing more than solicit your support in assisting the federal government to encourage the state of Minnesota to have the necessary veterinarians to check the animals and make sure they are safe for transport.

17:50

It is strange to me that you can put your cattle in a railway car and it can make the same trip across the same border, entering at the same spot and debarking at the same spot, but you cannot do it by truck. Everybody knows the attitude of the CNR, which is no longer prepared to provide cars for the transportation of cattle unless you can guarantee 10 full cars. It is a serious problem that affects the beef cattle industry in northwestern Ontario. It adds about three to four cents per pound live weight, which is a direct loss to the producer.

I ask the minister to take a look at the situation and see whether he can somehow support the requests of the northwestern Ontario producers in getting that blockage removed. I cannot give the exact numbers, but I will give you this equation. The state of Minnesota has the longest border with Canada of any state in the US; while we provide about 21 veterinarians for crossings into the United States, the US provides about six. The equation is not good; it is certainly not in our favour. I do not know whether that affects any other area of Ontario.

Hon. Mr. Riddell: I believe that issue was raised, as you well know, at the northern conference held recently. I am somewhat aware of the problem, as is the Premier (Mr. Peterson). I believe the Premier indicated in his response that we would be prepared to work along with northern Ontario producers to bring about a solution to some of the transportation problems you are encountering.

Mr. Pierce: All right. The other one is that just recently there was a request by a consultant, through the Ministry of Food and Agriculture, for additional poultry producers. They were looking for two poultry producers in northern Ontario. Those poultry producers, I believe, took in the area west from Kingston to the Manitoba border. Anybody applying for a licence in northwestern Ontario will be competing against somebody in the Kingston area. I wonder how that fits into the agenda of the Minister of Agriculture and Food in further developing industries in northern Ontario. The applications were handled by a consulting firm, and it was difficult to get the application forms from the consultants. The application forms were sent out only to individuals applying. I say that because I tried to get a copy of an application form, and I could not get one.

Hon. Mr. Riddell: Dr. Collin, are you aware of the situation?

Dr. Collin: I take it you are talking about the present policy of the Ontario Chicken Producers' Marketing Board of offering a new-entries quota.

Mr. Pierce: Right.

Dr. Collin: We have had one or two comments on it. I have not heard this specific concern or the request for information. If I can get some more details, I will try to follow it up.

Mr. Pierce: I understand the poultry licensing areas are blocked off in sections throughout the province. Northwestern Ontario is lumped in with southeastern Ontario in the Kingston area.

Dr. Collin: It does not make logical sense.

Mr. Pierce: That is right.

Dr. Collin: I will be pleased to look at it. I take it that was the basis of the consultant's report.

Mr. Pierce: Yes.

Dr. Collin: Okay. Minister, can I go back to the previous question and make one comment about the border state issue?

Hon. Mr. Riddell: I am quite prepared to grant permission, but it is up to the chairman.

Mr. Chairman: I want a short supplementary on Mr. Pierce's question about poultry.

Mr. Pierce: On the chickens.

Mr. Chairman: Yes, on the chickens. How many poultry producers are there in northern Ontario that you—I do not know what you call it—license or give approval to? How many are there in all of northern Ontario?

Dr. Collin: I do not have the figure, but I will be happy to get it for you.

Mr. Chairman: I have had complaints along the lines of Mr. Pierce's as well. I am sorry, go ahead.

Mr. Pierce: There were two disturbing things about that situation. One, the ad was run in the paper and anybody who wished to apply had to apply through a consulting firm that determined who would get the licences under the Ministry of Agriculture and Food. When I phoned to ask for an application form, I was denied it because I was not applying as a chicken producer and I was a member.

Dr. Collin: Did you phone the Ontario Chicken Producers' Marketing Board itself?

Mr. Pierce: I phoned the consulting firm.

Dr. Collin: The consulting firm. Okay, fine.

Hon. Mr. Riddell: Dr. Collin, did you want to comment on the transportation?

Dr. Collin: Yes. Can I explain it a little bit? I am sure the minister might like to talk about it. There have been a number of meetings that involve the minister in discussions with the commissioners of agriculture in the United States.

On the basis of the meeting of the provincial ministers of agriculture, they have agreed to try to establish a border council, if we could use that general term, to address these trade irritants. This is what you are defining: a trade irritant.

Mr. Pierce: That is right. It is not a trade problem. It would open up a market if that barrier were overcome. However, the immediate problem is that because of the road network in northwestern Ontario, access to Manitoba by these producers is much easier through Baudette, Rainy River and Warroad, Minnesota. The hauling distance is much shorter. We are only in the US for a matter of 60 miles, but to go the other way it is a drive of about 290 miles. We lose our money on the shipping; it is three to four cents a pound.

Dr. Collin: Let me address the question in this way. The problem is getting across the border.

Mr. Pierce: That is right.

Dr. Collin: That is the reason the ministers have established this border council: to discuss

these issues and problems that I would hope the province might discuss with the state of Minnesota on a bilateral basis in coming to some mutual agreement to facilitate the marketing trade.

I wanted to make the point that the minister has attended to a number of these issues and has resolved some of the irritants. I agree they are not big trade issues but rather more marketing and border irritants. Individually, they are not important, but they start to mount up in this problem of trade.

Mr. Stevenson: The way Dr. Collin is talking, I just want to make it clear. The cattle are in Ontario, they are headed for Manitoba and it is an awful lot shorter, cheaper and quicker to take them through the US than it is through Ontario. It is just an in-and-out sort of thing. They are never off-loaded; the cattle never leave the trucks. They are sealed the same as they are in railway cars. If they are moved by railway cars, there is no problem.

Dr. Collin: That is right, because they are sealed.

Mr. Stevenson: They can move freely back and forth across the border. The train goes through and the train comes back. However, if it is a truck, it cannot go through and come back. It just does not make any sense, but that is the way it is. As you said, it is an irritant. It is more than an irritant, it is a—I will leave it as an irritant.

It is a barrier that makes it that much harder for the farmer and beef cattle producer to survive in northwestern Ontario. We all know how hard they work to try to survive in their industry, and those are the types of things we do not need. They move sulky horses back and forth freely with no problem. They move dogs, cats and everything else back and forth. It is just this one problem we have.

Dr. Collin: I think the process under the border council will try to address that.

Mr. Chairman: Mr. Pierce, is this a good time for you to break?

Mr. Pierce: We can certainly break now.

Mr. Chairman: All right. On Monday, we will continue with the estimates of the Ministry of Agriculture and Food, and in particular we will deal with the land drainage question. Members might want to keep in mind what they want done for Wednesday or Thursday to make it easier for the minister's staff.

Mr. G. I. Miller: Are we going to deal with the land drainage on Monday?

Mr. Chairman: Yes.

Mr. G. I. Miller: I would not mind getting involved in that a little bit, but we have another matter to deal with on Monday afternoon; could it be delayed until Thursday?

Mr. Chairman: The members might want to leave it until Wednesday. The committee sits Monday, Wednesday and Thursday. It is up to the members.

Mr. Pierce: Wednesday is fine with me. I will have more information on Wednesday as well.

Mr. Stevenson: I will try to check with some of our people. I know two or three in eastern Ontario have some problems in that area, and I suspect there might be a better chance that they would be here Wednesday rather than on Monday.

Mr. Chairman: Let us set that for Wednesday, and on Monday we will continue with the broader questions of the estimates. We are adjourned until Monday afternoon.

The committee adjourned at 6:02 p.m.

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 Laughren, F., Chairman (Nickel Belt NDP)
 McGuigan, J. F. (Kent-Elgin L)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Reville, D., Vice-Chairman (Riverdale NDP)
 Stevenson, K. R. (Durham-York PC)

Witnesses:

From the Ministry of Agriculture and Food:

Riddell, Hon. J. K., Minister of Agriculture and Food (Huron-Middlesex L)
 Switzer, C. M., Deputy Minister
 Seguin, R., Director, Economics and Policy Coordination Branch
 Ediger, H., Executive Director, Foodland Preservation and Financial Programs
 Burak, R. M., Assistant Deputy Minister, Finance and Administration
 McDermid, Dr. K. A., Executive Director, Quality and Standards Division
 Collin, G. H., Assistant Deputy Minister, Marketing and Standards Branch



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development

Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament

Monday, December 1, 1986



Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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Erratum:

The above list of members should have appeared on issues R-9 and R-10.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, December 1, 1986

The committee met at 3:40 p.m. in room 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1601, ministry administration program; item 1, main office:

Mr. Chairman: The standing committee on resources development will come to order and we will proceed with the Ministry of Agriculture and Food estimates debates.

When we adjourned last Thursday, we were in the middle of a free-wheeling debate on the various votes. We agreed to deal with the question of drainage at our next meeting on Wednesday afternoon, so we will proceed in a rather open way with the various debates today.

Mr. Stevenson: On previous occasions, we have talked at some modest length about the various programs in place in the various provinces, with particular references to Alberta and Quebec, and how they may or may not compare with those in Ontario. I have brought along some figures that differ somewhat from those the minister put forward regarding Alberta and Saskatchewan programs. His indications were that they had had a very modest increase in the agricultural budget in those provinces. I think the evidence quite conclusively indicates that is not correct.

In the Alberta situation—and this is an Alberta government publication dated April 10, 1986; it does not quote these exactly, so I have to read them from a graph—in direct expenditures on agriculture, the 1985-86 expenditures are just over \$300 million. I would say it is about \$310 million, estimating it from the graph here. The 1986-87 expenditures are around \$575 million.

As Mr. Seguin stated earlier, it is a little difficult to compare some of these things directly. In their expenditures shown here, they have the funding directly from the Department of Agriculture. There is also the funding from the Agriculture Development Corp. and that funding is the interest rate assistance program which we would include in the budget here. It is in a slightly different package but still directly comparable to our Ontario farm adjustment assistance and Ontario family farm interest rate reduction programs. They also have the Alberta

Hail and Crop Insurance Corp. which, again, is a direct equivalent to our crop insurance program and is included in the budget.

The only item I see here that is somewhat outside of the expenditures and would bring those numbers down somewhat is that they include a value for the farm fuel distribution allowance. That funding to the farmers comes directly from the Treasury in Alberta and not through the Department of Agriculture or anything closely akin to that, so if you wanted to play with figures that would alter those figures somewhat. Regardless of how you read this, there is a very substantial increase in spending on agriculture either from the ministry itself or its first cousins. Rather than looking at total government, I prefer to keep it at the ministry and immediately related funding because basically we are talking about funding through the Ministry of Agriculture and Food in Ontario. If you get the numbers out, you will see a very substantial increase in funding this year, 1986-87 over 1985-86.

To give you some idea of the programs available in Alberta, the programs in its long-term commitment or its base budget are not particularly different from those in Ontario.

I will take time to read them: feed grain breeding program, soil testing service, lime freight assistance program, dairy herd improvement program, dairy farm inspection, meat inspection services, nutritive processing assistance, land classification service, municipal seed cleaning plant program, green certificate farm training program, district agriculturalist service, district home economist service, food laboratory services, surface rights board, farmers' advocate, farmers' market assistance, summer farm employment program—I suppose that one might be out of the Ministry of Housing here; it is not out of this ministry here anyway—agricultural societies program, agricultural service board program, soil conservation program, market development assistance, high-risk subsidy for crop insurance—now, is that not an interesting twist?—wildlife crop damage compensation, agricultural engineering services, farm safety program, livestock predator compensation program, assistance for rental or purchase of fuel oil or propane tanks, skills training courses, financial

management and training counselling and assistance program, shelterbelt program, coyote control, rat control, nutrition-at-school program, bacterial ring rot program, knapweed eradication program, 4-H program, market garden development program and irrigation and drainage advisory services.

Those are the long-term, ongoing programs in the base budget.

The new and enhanced programs Alberta has had since 1985, in addition to the base programs, have a total commitment of \$740 million. The new and enhanced programs that have recently been announced total \$580 million. These are not all one-year programs; some of them are two years and the odd one is three years. I will relate a few of them here.

These are: the well-drilling program, farm water grant program, livestock drought assistance program, supplemental Alberta livestock assistance program, supplemental crop insurance program, enrichment program for farm fuel distribution—I mentioned it comes out of Treasury—farm fertilizer price protection plan, modification of farm development loan guarantee program, red meat stabilization program, the Alberta feed grain market adjustment program and a processing and marketing subagreement.

One-year programs they have had out there include the feed freight program and a number of others. I will not bother reading them all.

15:50

If there is any doubt that the Alberta government has rolled a tremendous amount of money into agriculture in the past 18 months, one does not have to go any farther than its own publications to see these things spelled out and to put numbers on them. Part of that funding is related to the drought problems they had there for two years and part of it is in relation to the substantial economic stress their producers are facing. The number of farmers in Alberta is in the order of 50,000, and the active farmers are in the order of 40,000.

With respect to the Saskatchewan situation, again I have the Saskatchewan budget as presented by the then Minister of Finance, the Honourable Gary Lane, on March 26, 1986. I also have the Saskatchewan agriculture assistance programs here in a booklet. I do not see any date on it but I know it is quite recent; I think the booklet was printed within the past year. Their budget is presented in a very different fashion than that of Ontario. As Mr. Seguin suggested earlier, there is always some degree of difficulty in reviewing these things and knowing exactly

what should and should not be included in comparisons with Ontario.

I invite the minister to go through those publications. I think he will find the statement directly from the minister's office says the 1986-87 budget is a 100 per cent increase over 1985-86.

I guess the major new programs in Saskatchewan this year have been the cash advance for livestock producers and the production loan program, which the minister mentioned as getting interest rates down to six per cent. Then there is a new program on farm purchasing targeted towards beginning farmers, though I am not sure it is strictly exclusive to the beginning farmers.

I suggest the evidence clearly indicates a very significant increase in funding this year and not the very small increases the minister suggested in his responses to my earlier question. I invite the minister and his staff to check those out.

Hon. Mr. Riddell: I will check out those figures. I believe I implied to the honourable member earlier that I do not see anything particularly productive about trying to make comparisons with other provincial agricultural budgets, but if he wishes to pursue this we will certainly come up with a comparison.

I want to tell the member that from the standpoint of putting hard, cold cash into the hands of the farmers, we take a back seat to no province in Canada. We put direct grants—direct hard, cold cash—into the hands of farmers. Many of their programs are guaranteed loans that farmers have to pay back. As a matter of fact, the Saskatchewan farmers have to pay back that loan—which amounted to \$25 an acre—I believe that loan has to be paid back in 1987.

The program Alberta introduced was a guaranteed loan program at an interest rate of nine per cent, which is not as good as our program at an interest rate of eight per cent. It has to be repaid by the farmer. If you want to talk in terms of direct grants to farmers—not to the bank, not to the other lending institutions, but cash that we put right into the hands of the farmers—we are second to none in this country.

Perhaps Dr. Switzer would like to elaborate further on some of those figures.

Dr. Switzer: I want to bring to the attention of the committee members that in response to your request, last Thursday I guess it was, we have brought to each of you a compilation of figures. Admittedly, they are not for 1986-87, as the group Mr. Stevenson gave us was, but they do give you a comparison of net government

payments to farmers in each of the provinces for the years 1981-1985.

I do not know how much time you want to spend on this, but it may be of interest to look at the 1985 figures and compare those to your figures, because obviously they do not match up. As the minister said, I think it would certainly be useful for us to have an opportunity to compare directly the figures we have here, which as you will see on page 3 come from Statistics Canada, therefore they are presumably not subject to any provincial biases but accurately portray, I expect, the numbers of dollars that come under each of these programs to each of the provinces.

The interesting thing to me is to compare what Alberta and Saskatchewan got in 1985 from the federal government compared to what those provincial governments supplied and then move that comparison over to Ontario. If you do that, you will see that Alberta got \$371 million from the feds and supplied \$89 million itself, and Saskatchewan got \$500 million plus from the feds and supplied only \$45 million itself; whereas Ontario received \$111 million from the feds and supplied more than that, \$125 million, in these kinds of payments.

Admitting that we do not have the figures for 1986-87 on this piece of paper, I want to bring those figures to your attention. Knowing the way Statistics Canada gathers its numbers, obviously we could not get those in time for this meeting. I simply follow up on what the minister said. We would be glad, Dr. Stevenson, to take your numbers there, run a quick analysis on them between now and Wednesday and come back to you with some more comparisons similar to these.

The Acting Chairman (Mr. Knight): I am sure the committee will look forward to receiving that comparison. Dr. Stevenson, does that meet with your approval?

Mr. Stevenson: I have no idea what went into the background here, nor do I have the time or the staff to dig up this sort of information. The figures I am quoting are for 1986-87. Taking the information available to me, it is not of great concern to me whether the money comes from the federal government or the provincial government. The key concern here is what sort of competitive position our farmers are in, in relation to those in competing jurisdictions. That certainly is of interest and, unfortunately, is one of the most important considerations right now in the nature of agricultural funding around the world.

16:00

Until there is some change in policy, particularly in the European Community and to a lesser extent in the United States, these sorts of comparisons will be made each year as we go through the economic warfare that is occurring right now. Therefore, as Agriculture critic, I feel it is part of my job to come up with information that is as factual as I can find in trying to make some sort of comparison in what is going on.

I do not doubt these figures are coming from Statistics Canada. I will take a look through them to see what is included and try to determine whether there is anything that is not included. The information I have from Alberta and Saskatchewan does not indicate much going on in 1985, so it would be difficult for me to make a comparison on what went into making up these numbers. I thank the ministry for forwarding those. They will be quite useful.

Hon. Mr. Riddell: The honourable member is well aware that there are very different reasons for the different levels of funding in each province. We happen to be very fortunate to be living in a province where we do not endure drought to the extent they do in western Canada, particularly in the prairie provinces.

We do not have the kind of damage, such as grasshopper damage, that they have in western Canada. When I was working out there I saw tremendous army worm damage. You could stand and hear the army worms make their way right across a field of grain or whatever. We are not confronted with those kinds of things, so maybe there is a reason they have to have a certain type of funding that we do not have to provide to the farmers in this province.

We have other reasons for providing funding to our farmers. I wish I could put my hands on some information regarding the bankruptcies that are taking place across the country. Considering the number of farmers each province has—and as I say, I am quoting from memory—I believe we in Ontario probably have fewer bankruptcies than some of the other provinces do.

You talk about the competitiveness of our farmers. Our farmers are competitive. We will see to it, we hope with some help from the federal government, and with a greater commitment than the federal government has made to Ontario over the past couple of years, that we will keep our farmers competitive.

Mr. Stevenson: I will stop there for a while.

Mr. Lane: I have a couple of short questions of the minister. About a year ago I asked him some questions in the House regarding crop

insurance in northern Ontario, particularly in my riding. As I recall, the answer was that there was to be a review of the entire program and that probably the problem we were having would be resolved. Where are we with the review?

Hon. Mr. Riddell: There was a task force comprising Ontario Federation of Agriculture representatives and staff from my ministry, and it submitted a report. We have taken a look at the recommendations, but it is obvious from those recommendations that there has to be a more extensive review. We are in the process of setting up a committee, with the approval of my counterpart in Ottawa, who is quite prepared to put some federal representation on that committee—because it is a federal program, I think the member is aware of that. We administer it, but if dramatic changes are going to be made to the crop insurance program they really have to be made at the federal level.

There are some changes we can make and some changes we will make on the basis of the recommendations of the task force. I want this committee to conduct hearings across the province, and we will be listening to what your part of the country, northern Ontario, has to say about crop insurance as it pertains there. After that, Mr. Wise and I and our respective staffs will sit down to look at those recommendations and make a decision on what has to be done in order to bring about the changes.

Mr. Lane: I think the minister is aware of the concern I had a year ago, and still have, and that my farmers have, that the productive farm land, particularly on Manitoulin, is not being properly defined. They are getting better yields than the definition would expect them to get. As well, we do have late frosts—June frosts and so forth. There should be a week or 10 days without rain after the frost if they are going to have growth. Again, this cuts back on the kind of production that would normally be expected, yet the present system does not seem to allow for those delays in growth.

We would be glad if there were a task force sitting in the area or someplace where we could make a presentation and have these matters dealt with. They are fairly difficult under the present system.

Hon. Mr. Riddell: You will certainly have a chance to make a presentation. We extend an invitation to every farm organization, every commodity board, every individual farmer and anyone else who has any concern and can suggest to us ways in which the crop insurance program can be improved to appear before the committee;

one hopes, with all the records, that we will be able to come up with an improved crop insurance program.

Mr. Lane: Thank you for that answer.

I have one more short question. The minister will have some copies of letters dated September 24, 1985, and May 6, 1986. Dr. Ashman will have letters dated August 5, 1986, and August 11, 1986, dealing with the fluid milk policy in my riding and some other northern ridings. The problem seems to be because of the monopoly in some areas in the north.

This comes from the nursing home people. The nursing home in Gore Bay on Manitoulin Island is paying 58 per cent more for its fluid milk than are similar facilities in Midland and Orangeville. They are saying the reason for this is that there is no competition in the market because of the losses. I do not know what the answer is. I have a copy of the letters. The problem is still there, obviously.

One letter says it would be against the philosophy of the company to have to consider using powdered milk in lieu of getting fluid milk at a competitive price. It alarms me a great deal to think that elderly people in the north, and maybe the children of low-income families, have to think about powdered milk as opposed to fluid milk just because they live in the north. That seems to me to be discrimination. I would be interested in knowing your thoughts on that situation.

16:10

Hon. Mr. Riddell: I think the member is aware of a question that was put in the House in November 1985 by the member for Algoma (Mr. Wildman), who also expressed concern over high retail milk prices in northern Ontario.

I set up a meeting between the chairman of the Ontario Milk Marketing Board, Mr. Wildman and myself. In response to that meeting, my ministry is examining various alternatives to correct and verify farm cost-of-production information in northern Ontario. Staff are also reviewing a report on the licensing of processors and distributors of fluid milk in Ontario.

Concerns such as you have just raised have been expressed, that monopolies have been given to some dairies for some areas in the north. I assure you this is not the case. The dairy inspection branch of my ministry is prepared to consider any application for a licence to process or distribute fluid milk products in any area.

I also want to emphasize that the Ontario government does not regulate retail prices of milk. Competition in the marketplace has main-

tained the price of milk at a good value for Ontario consumers. As a matter of fact, I was quite interested to note in comparing milk prices between northern and southern Ontario that in many cases milk could be purchased in the north for less money or for very little difference in price from prices in southern Ontario. It appeared to vary in different regions in northern Ontario, but milk has been a pretty good buy in certain sections of northern Ontario.

Mr. Lane: I can understand that there would be some small increase in cost because of distances and so forth, but as this company indicates in comparing its nursing home in Gore Bay with its nursing facilities in Midland and Orangeville, a 58 per cent and 63 per cent difference is just not something you can live with. In both cases, whether or not it was intended, there is a monopoly. In other words, there is no competition in those two areas. One company is controlling the marketplace.

Hon. Mr. Riddell: I have the latest retail milk price survey for 37 Ontario communities, as conducted by the Ministry of Consumer and Commercial Relations during September 1986. Information was collected from three retail chain stores in each community for four-litre packages of two per cent milk. The survey indicates a wide range in prices throughout Ontario, reflecting whether the stores are specializing in milk or just putting it on as a loss leader. The milk in the 15 communities in northern Ontario being surveyed was—is there such a word as “special” in milk?

Dr. Switzer: Being put on special, I think. “Loss leader” is the designation I would put on it.

Hon. Mr. Riddell: For example, for a four-litre package in Sault St. Marie it was \$2.69; in Thunder Bay, \$2.89; in North Bay, \$2.49; in Sturgeon Falls, \$3.09. Milk prices for southern Ontario are as follows: Toronto, \$2.79—this is more than it cost in Sault St. Marie—Hamilton, \$2.79; Ottawa, \$2.29—that seems to be about the best so far—Windsor, \$2.79.

Just as a matter of interest, a survey by the Ministry of Consumer and Commercial Relations also compared the cost of purchasing a 72-item food basket in Toronto and in 36 other Ontario communities. The survey, which was conducted on September 4, 1986, indicates that of the 29 communities surveyed in northern Ontario, consumers in 17 can purchase the 72-item food basket at a lower price than consumers in Toronto.

Mr. Lane: I think you are not right in that some of the chain stores are using it as a loss

leader. I think you can buy milk in my riding for prices similar to those you are quoting, but the same quantity of milk would cost me about \$4 and something in my grocery store because we do not have a chain store on Manitoulin Island. We have not resolved the problem by having a chain store use it as a loss leader. The problem is still there.

If you like, I can give you copies of these letters I have. It would save you looking through your files. If that is any advantage to you, I will do it.

Hon. Mr. Riddell: We would appreciate having a look at it.

I know you would never suggest it, but Mr. Wildman suggested that Ontario consider wholesale and retail milk pricing controls. A report by the federal Department of Consumer and Corporate Affairs in 1984 indicated that wholesale and retail price controls can hinder or lessen healthy competition and increase marketing margins, thereby producing relatively higher prices for the consumer.

Mr. Lane: I recommend competition in the marketplace.

The Acting Chairman: The minister mentioned that Ottawa had the best price for milk. I suspect that was this weekend's price, because we know it is a matter of supply. This week it was all milk and honey in Ottawa.

Mr. McGuigan: I cannot offer any explanation, but for some reason, over the years, Ottawa has been the cheapest place in Ontario to buy food.

Mr. D. W. Smith: It is all subsidized.

Mr. McGuigan: I do not know why, but it is one of the best places in Ontario.

I want to talk a little about this matter of which province's farmers are getting the most from various government levels. Even when we were criticizing the previous government minister I wondered at times about the relevance of the comparisons. I say this from the standpoint of a person from southwestern Ontario, which largely grows corn and soybeans. Among those corn and soybean growers, you might find a farmer who has a nice contract for 40 or 50 acres of tomatoes, and there is a good profit in it. Others have corn and soybeans and nothing else.

I have always wondered whether we could get figures that meant anything. You take a comparable farmer on the Prairies, where grain is the predominant crop, and compare a one-man or two-man operation, because you could not compare acres for a one-man or two-man

operation in each of those provinces. When you look at the number of commodities we produce here under supply management or marketing board situations, products that are marketed in the next town or the next city, as compared to the western people having to ship theirs halfway around the world to sell it, it makes you wonder about the percentages or the gross amount that goes into Ontario as compared to those other provinces.

It may be impossible to draw such comparisons. I look with a jaundiced eye at these gross figures that say Alberta gets more than Ontario or vice versa. Consider in the past year or so the big increase in federal payments because of stabilization due to lower world grain prices. You might look at the western people and say, "Gee, they got a huge increase in federal stabilization payments," but it was because of these conditions offshore, which could change dramatically if we have a shortage on a grain crop someplace in the world.

I have a lot of reservations in my mind about what this all means.

Hon. Mr. Riddell: I agree. I think it is counterproductive to be engaging in an exercise of trying to compare one provincial agriculture budget with another.

16:20

Mr. Stevenson: It probably depends a lot on which side of the floor you view it from. I am sure your opinions have changed somewhat in the past few months.

Mr. McGuigan: Personally, I never did view it that way.

Mr. Stevenson: I think I could find a quote or two by the current minister. In fact, I could probably find a whole truckload, perhaps even a trainload, of comments regarding funding by various governments. Interestingly enough, when funding from governments is getting much higher than in the past those quotes no longer seem to have the same sort of importance.

The Acting Chairman: I guess we will have the benefit of the comparison on Wednesday or Thursday and can talk about it at length.

Mr. Stevenson: That will be very good.

Mr. Hayes: In that case, I will be very short. I made the statement that Ontario is the lowest of all the provinces with regard to its financial assistance per census farm. The Minister of Agriculture and Food indicated that the figures I received from the Ontario Federation of Agriculture perhaps were not correct.

The point is that we have gone this far and we should have a comparison of one province with another so we can clear the air and clarify whether these figures are correct. The figures I have indicate that Ontario's assistance is the lowest of all the provinces. Mr. Chairman, you say we will talk about it on Wednesday if we can get more information. I have taken steps to find out what is happening to some of the programs in other provinces.

Hon. Mr. Riddell: Do you think it is fair to make a comparison based census farms, knowing that farmers are included under census farms? Would it not be fairer to make your comparison on the basis of a commercial farm that produces, for example, \$10,000 of gross sales? If you make that kind of comparison, you will find that provincial support per farm with sales of \$10,000 in Alberta amounts to \$1,830, in Saskatchewan \$810, in Manitoba \$1,350 and in Ontario \$2,520. I almost hate to mention Quebec where it is \$6,960.

Mr. Hayes: Are you going to come up to Quebec's level? At the same time, we should compare the actual dollars spent on agriculture in the budget. The minister has a lot of programs he would like to proceed with and we are here to help him to get more money in the budget so he can do that.

Hon. Mr. Riddell: When I debated with the minister as an opposition critic I did not make comparisons with other provinces. I did not think agriculture was getting a high enough percentage of the provincial budget. When Mr. Stevenson goes back over his notes, Hansard or whatever, I think he will find that my criticism was that agriculture was not getting a high enough percentage of the total provincial budget in my estimation.

Mr. Hayes: Do you feel it is now?

Hon. Mr. Riddell: We have increased it 56 per cent in the 17 months we have been in office. I think we are putting one foot ahead of the other.

Mr. Hayes: Mr. Stevenson has a difference of opinion on those figures.

The Acting Chairman: On a point of clarification, we have heard the figure of 39 per cent, so I suspect the OFFIRR Plus program is being worked into that now.

Hon. Mr. Riddell: That is right.

Mr. Stevenson: I want to get to the \$1-billion deficiency payment in a minute. First, however, I got a call today about a situation with one farmer where the timing is fairly critical; I want to bring his case forward right now. There is a

young fellow by the name of John Horodysky whose home is at River Drive Park, Ontario. The situation in question is on a farm he owns which I believe is in the Cookstown-Alliston area; I have forgotten the exact location.

This past summer, Bill Williams was touring farms. He happened to drop in at this farm and noticed that Mr. Horodysky was building a new storage facility for vegetables. He was told it was to include a cooling unit. A few days afterwards, Mr. Williams delivered to John forms to fill out for the program—I forget the title of it—for vegetable storage and cooling.

I understand this is the first time John has applied for a program such as this and I think it is safe to say he did not read the instructions as carefully as he might have. However, from what I can tell, there was no intent to circumvent anything. He is a young vegetable farmer working very long hours to try to make ends meet. On October 6, 1986, he went in to submit the application forms to Jim Wheeler.

On October 2 he had taken delivery of the cooling unit so he actually delivered the application forms four days after the cooling unit, or at least the coil part of it, was delivered to the farm. That same day, I believe, Bill Williams was sent out to inspect the situation and the cooling unit was set into place but was not wired or anything. It was just sitting there. On November 27, a letter dated November 19, 1986, arrived at Mr. Horodysky's place and stated he would be getting no payment under this program because he had proceeded a few days before he submitted his forms.

I ask the minister to take a look at this situation. The young fellow could certainly use the assistance. He probably would not have built the structure had he known no support would be forthcoming. In fact, he has not paid for the cooling unit. He has not paid the electrician. It is not completely wired yet; it is partially wired. It is not operational. There are no vegetables in it because he lost a big chunk of his carrot crop and had to sell it immediately out of the field.

The unit is sitting empty at the moment with no government support and none of the later bills relating to the construction of this storage and cooling unit have been paid. I do not think there was any intent on the part of this young man to circumvent any regulations or anything, but he has been caught. I would sincerely appreciate it if you would see whether there is some way to help him under this program.

16:30

Hon. Mr. Riddell: I will ask my staff to review the application. Dr. Collin, are you familiar with this application? If so, would you like to comment?

Dr. Collin: I do not know the specific application in question, Mr. Stevenson, but I should point out that this program, which is designed to improve the quality of fruits and vegetables through the addition of specific apparatus and conditions for storage, requires prior approval. It is an incentive program, if I can define it that way, that asks producers who intend to look at ways of improving the quality of fruit and vegetables stored on the farm to come forward before they place orders for equipment or take delivery of equipment.

There have been a number of applications by concerned producers who, after taking delivery, have come forward to the ministry to apply for grants under the program. We have been quite consistent. We have one recourse in talking to producers. If the program will go on for several years and if they plan to add facilities or improvements to the storage condition, they should come forward and make application before they do it. I point out that the conditions of the program clearly stated that it is an incentive program and that producers should come forward to make application before making orders or taking final deliveries on equipment.

However, we will be happy to look at the application.

Mr. Stevenson: In this case, it is true that the forms were not in. They were four days late or could have been in prior to that. The situation is that it was well-known to ministry staff that construction was going on and I am sure they knew the nature of the construction. It was not, let us say, a surprise application. Therefore, I think it warrants some special consideration. I will leave it at that and hope that you will make a positive ruling on it. As far as future work is concerned, I think this young fellow is sufficiently financially extended as a result of constructing this building that he will not be undertaking further construction of storage for an extended period.

The Acting Chairman: Thank you, Mr. Stevenson. I must indicate that I appreciate your allowing alternating on questions, as you did last week. It makes for more meaningful participation on the part of other committee members.

Mr. D. W. Smith: I want to ask a question about the insurance program, more to get clarification than anything. One farmer, who I believe was in the bog area, was commenting on

potato crop insurance. I could not follow him on his statement but I think he said that if he paid \$10,000 in a premium the best he would be able to receive if he had a payout or claim would be \$7,000. I wonder whether anybody can explain that. There is no way anybody would pay a premium of \$10,000 and get only \$7,000 in coverage at the maximum. Can any of the staff explain whether that is possible or whether I heard wrong? I must have heard wrong, but I wonder whether potato insurance is sufficient to cover the needs of potato farmers.

Hon. Mr. Riddell: We would have to have more information. How much of the crop did he get harvested?

Mr. D. W. Smith: I do not know whether that was even the case. I do not think this chap even took out insurance. He made the comment that if he had, he would have been able to receive only \$7,000 for a \$10,000 premium. I do not see how that could be. I do not even know why we would have a program such as that. It does not add up.

Hon. Mr. Riddell: It sounds to me as if he did get some of his crop harvested. I do not know how much. It is an insurance program. It is the same as you and I spending whatever it is. I think I spend close to \$500 or \$600 insuring my farm buildings. I have never collected on it and I hope I never do. That is an insurance program where they pay a premium. If they have a loss and it is a total loss, as many potato producers had this year, they will receive \$800 an acre for a \$36-an-acre pay-in. That is not a bad investment.

Mr. D. W. Smith: Is \$36 the maximum premium be per acre?

Hon. Mr. Riddell: If a producer covered at the 80 per cent level had a total loss, he would have received \$800 an acre and it would have cost him \$36 an acre for premiums. Perhaps Mr. Ediger would like to comment on this.

Mr. Ediger: Those figures are about right. The premium this year was \$36 an acre. If a farmer was insured up to the 80 per cent level, he could collect up to \$800 an acre.

Mr. D. W. Smith: Perhaps in this case—I am not even sure whether he was provoking a question; I do not know that.

Mr. Ediger: If he harvested a good percentage of his crop, then the figures he gave you might be correct. But of course that is the way a production guarantee works; the amount you have harvested is deducted from the claim.

Mr. D. W. Smith: In the insurance program, can you see any way of raising the percentage payout, not necessarily in one year, by graduat-

ing it and starting at a higher level? It still starts at 70 per cent, does it not?

Mr. Ediger: In past years, a farmer new to the insurance program started at 70 per cent. At its most recent meeting, the commission passed an amendment to the regulations, whereby a new producer will start at 75 per cent. All the farmers in the program will benefit by that. They will get to the 80 per cent level much quicker; they will get there in two years if they do not have claims.

Mr. D. W. Smith: You still have not changed the maximum percentage.

Mr. Ediger: The 80 per cent is the limit under the federal act. That is as high as we can go.

Mr. D. W. Smith: In discussions with the federal minister and at first ministers' conferences, do you see any possibility that the federal government will change?

Mr. Ediger: When Ontario came into the program back in 1966, the limit was at 60 per cent. Then the federal act was changed to 80 per cent. At that time, it was 60 per cent and on an area average yield. Bill Stewart, our minister at the time, said Ontario would come in on condition that it be increased to 80 per cent and that we could insure our individual average yields. It was changed at that time, 20 years ago. The act can be changed, of course, but that is a fairly major undertaking.

16:40

Mr. D. W. Smith: One of the complaints I get from farmers is that they have insured and paid the premium but still do not get what they think—that 20 per cent is possibly what they consider their living; I do not know. If they do not get that, they say: "Yes, we have covered all our expenses, but what do we live on for the year?"

In my own case and from the comments that have been given to me, especially in the past year, it would be a great incentive for the farming community, and it would be easier for the Minister of Agriculture and Food as well, if he could say we were going to go up to 90 per cent, to use a high figure. It would encourage more farmers to come in under the system.

Maybe they are good farmers, but sometimes they are caught with either hail or drought, and they still do not get that money which keeps them living; they cannot do without it. I do not think we are subsidizing the farmers by paying out up to 90 per cent, because we all have bills whether we have a crop or not.

I would like to see the minister push for a 90 per cent maximum at these first ministers' conferences. He might get a lot of the new

farmers into the program and help carry the load for some of the ones who are possibly not such good farmers. We are always going to have them. Does the minister have any comments on that subject?

Hon. Mr. Riddell: I do not think we want to prejudice the recommendations that will be coming forth from the committee. You are aware that we are establishing a committee which will be working over the winter months, travelling across the province and holding hearings so that all farmers, farm organizations and marketing boards will have a chance to come in and tell us what is wrong with the program and make recommendations for improvement.

I expect we are going to hear about some very sweeping changes they would like to make to the program. They are probably going to ask us for specific coverage, such as for hail. They are probably going to ask that individual farms be insured, rather than the total acreage they own being insured under one package. I imagine we are going to hear all kinds of recommendations.

When we get those recommendations, we are going to have sit down and figure out what it is going to cost the farmers. If they want to step up to 90 per cent coverage, if they want to take out only hail insurance or to insure a very risky farm, there is no question it is going to cost more money. Then it will be up to the farmer to decide whether he or she is prepared to pay that premium to get that specific kind of coverage. We will have those answers by the time the committee has completed its report.

Mr. D. W. Smith: Do you see that coming by April 1?

Mr. Ediger: The intent is to have a preliminary report by April 1, 1987. I doubt whether there will be a final report until some time in the summer.

Mr. Stevenson: I would like to come back to this \$1-billion deficiency payment, which has been receiving quite a bit of attention. A number of the commodity newsletters have been speculating on this, and I would like to get the minister's opinion on how accurate some of these statements are. I am going to read one here now; it says:

"The formula has apparently been finalized to the apparent satisfaction of the provinces. Details have not been released, but it is understood that the formula is based on the combination of historic grain production and acreage, and that about 81 per cent of the money or \$810 million will be going to the west and the rest going to the east.

"Only the major crops of wheat, barley, oats, rapeseed, flax and rye will be covered in western Canada, plus corn and soybeans in the east. In western Canada, the average Canadian Wheat Board permit holder will receive about \$5,500, based on prairie permit book crop acreage of about 68.5 million acres." That will work out to an average payment of around \$12 per acre. "In eastern Canada, payment could be as high as \$30 per acre on some crops."

I would like to know, in your understanding of the program, how correct that information is and what we can expect in Ontario.

Hon. Mr. Riddell: There was a fairly thorough discussion of this at the last agricultural ministers' conference. Of course, various provincial ministers had different viewpoints.

If the Premier of Saskatchewan had his way, the program would have been based strictly on export grains, in which case Saskatchewan would have received the lion's share of the \$1 billion. However, I spoke up, as did the ministers from Quebec and the Maritimes, saying that all provinces had to be treated equitably. We have not only grain producers in Ontario and Quebec but also corn producers, and in Ontario we have soybean growers. We feel they should be entitled to a portion of that \$1 billion, since the Food Security Act has lowered the prices for both corn and soybeans, as it has done for western grains.

We were told by Mr. Wise that they had arrived at a formula and that all 30 farm leaders from across the country had agreed to it. I am not convinced the farm leaders went away from that meeting with the right impression about what the formula was actually going to mean to the various provinces. The formula they agreed to was one that took into consideration seeded acreage, production index, cash for the acreage and the grain value loss brought about by the Food Security Act.

According to Ontario and Quebec's mathematical calculations, if feed grains are taken into consideration, 81 per cent of that \$1 billion should go to western Canada and 19 per cent should come to eastern Canada. Of the 19 per cent, Ontario should get 14 per cent or a little more. Based on our calculations, we feel Ontario should get between \$130 million and \$140 million. Quebec should get about four per cent, and the remainder of that 19 per cent should go to the maritime provinces.

The maritime provinces made a pitch to have potatoes included. They felt they could prove that the price of potatoes was hurt by the Food Security Act, as was the price of grain. Mr. Wise

indicated that if they can document that, he will take potatoes under consideration. I have no idea whether he is going to include potatoes, but whatever he does, we definitely feel Ontario is entitled to between \$130 million and \$140 million.

When I revealed those figures to some of the farm leaders who attended that meeting and told them Mr. Wise has it worked down to something like an 85-15 split, they immediately got on the telephone to set up a meeting with Mr. Wise. I believe the secretary-manager of the farm producers' association was one who was going to go to Ottawa to tell Mr. Wise that they did agree to the formula, but based on their calculations the split was closer to what I indicated it should be than to the 85-15 split that Mr. Wise had in his mind. In that 85-15 split, Ontario would likely end up with around \$100 million or maybe \$110 million. The figures you have just quoted would indicate that we would expect about \$90 million.

I hope your figures are wrong, and I hope that Mr. Wise seriously takes into consideration the request for equitable treatment that was made by the eastern Canada ministers.

16:50

Mr. Stevenson: Unless I have misunderstood what you have said, I believe my figures agree with what you say. The 81 per cent figure is here; so that would be the slightly larger slice of the pie rather than the smaller.

In your statement that feed grains would be included, are you talking about total seeded acreage to all farmers, livestock and cash-croppers included?

Hon. Mr. Riddell: Yes, and so were the farm leaders from eastern Canada, because they did not see why they should be treated any differently just because they happened to feed the grain to their livestock rather than sell it on the market.

Mr. Stevenson: There have been statements made in the media that they want to get these cheques out quickly. What are they going to use as their database for acreage seeded?

Hon. Mr. Riddell: I will ask Dr. Switzer if he can answer that, because he has probably attended more meetings of deputy ministers to try to iron this thing out than the ministers attended themselves. Can you answer that?

Dr. Switzer: The short answer is no, I cannot. As far as I am aware and as the minister very accurately pointed out a few minutes ago, this is still undergoing discussion. A meeting of all the deputy ministers in the country has been called again for a week from Wednesday, which would

be December 10. It is my understanding that one of the items on the agenda is a further go-around on this question of deficiency payments. So, briefly, I cannot answer the question you have asked me.

Hon. Mr. Riddell: Perhaps I can partially answer it. The provinces could not agree. Some felt it should be based on 1986. Other provinces said, "No, we should go back five years and use a five-year average." Still other provinces thought we should be using a four-year average. At the time we had our last ministers' meeting, there was not an agreement on which base period to use. I do not know, even to this day, whether they have made any tentative agreement on that.

Mr. Stevenson: If it comes to a situation where the farmers have to fill out forms and send them in, then quite clearly the cheques are not going to be out quickly.

Hon. Mr. Riddell: I am not optimistic that the cheques will be out before the end of the year, although I will say in all honesty that when I talked to my counterpart in Ottawa, Mr. Wise, at the first ministers' conference in Vancouver, he indicated he would like to move as expeditiously as possible. He hoped they could agree to the formula, the base period and everything else within two weeks, after which they could start the cheques rolling. At the time, he sounded optimistic that some of these cheques would be sent out before the end of the year. I have not talked to him since, so I do not know whether he is going to be able to meet that goal.

Mr. Stevenson: In Ontario, to get those acreages quickly, they would have to use census acreages, would they not? What other form of database do they have?

Dr. Switzer: Crop insurance is one. Perhaps Mr. Ediger could explain.

Mr. Ediger: One of the comments a federal official made to me was that they may just get a declaration, because other than crop insurance figures there are no figures available in Ontario. Crop insurance does not cover all of them anyway. Obviously, they would have to send something to the farmer, and he would have to return something, because there just are not figures available. There are maps or photography available; so you could do some checking. But good, accurate data are not available.

Mr. Stevenson: Do the permit books in western Canada cover livestock producers?

Mr. Ediger: I believe they do. I am not sure whether Bob knows; I do not. They are certainly

in a much better position there to make a payment than they are here.

Mr. Stevenson: I will leave that for the moment. Does anybody else have a question?

Mr. Hayes: The minister says Ontario should get between \$130 million and \$140 million. Will the federal government decide which farmers get that, or will be it be administered through the provincial government?

Hon. Mr. Riddell: Mr. Wise said it is his program, it is his money, although I believe he will work closely with the ministries in all provinces—

Mr. Hayes: It would just be a matter of co-ordinating it.

Hon. Mr. Riddell: I believe so. He is not simply going to give each province its allotment and then say to the provincial minister, "You distribute the way you see fit." He will certainly have his hand in the pie.

Mr. Hayes: I am sure—press releases and all. I have another concern here. A fellow called my office. He was concerned about the equestrian coaching program that is put on at the Kemptville Agricultural College. His concern was that this program, which deals with the horse program there, will be cut because of lack of funding. He went on to point out that the horse industry creates approximately 110,000 jobs in Canada for grooms, trainers, farm labourers and riding instructors.

I do not know whether the minister is aware of anything happening right now, but as I understand it, the federal government actually funds this program and it is more or less administered through the provincial government. Are you aware of these courses being cancelled or cut?

Hon. Mr. Riddell: I do not want to sound like a broken record, but yes, many of these programs are federal programs and there is no question the federal government is cutting back the funding for some of these programs. The equestrian program is just one example. I do not know that there is anything else to say other than that it is a federal cutback.

17:00

Mr. Hayes: Is the province—your ministry, for example—pushing the federal government to keep this program going? It appears to me there is a very valid need there, especially in the employment part of it.

Hon. Mr. Riddell: Dr. Switzer, do you want to respond to that?

Dr. Switzer: It has always seemed a little anomalous to me that at a time when education of all kinds for farmers and others related to the agriculture and food system is probably needed more than ever before, it is a place where people see fit to make cutbacks. Your specific question is what we are going to do about it in the province. I cannot answer that, but I can tell you that one of the things in our ministry strategy is to ensure that people in the agriculture and food system receive the appropriate training and education they need to do things well.

The question you have raised has been very much a concern in the mind of Clare Rennie and Rob McLaughlin, who basically have the responsibility for our agricultural colleges in the province. As the minister said, this has not happened only at Kemptville. It has happened in the Centralia area, the minister's home, for the very same reason.

There seems to be a view that in trying to save money the feds have elected, for whatever reason, to make some cutbacks in the educational part of their agricultural budget. I am not sure it is in the agricultural budget. I should not be definite on that, because this cutback could very well be coming in the Department of Employment and Immigration.

In any event, I cannot answer you directly today as to what we intend to do about it, except to reiterate that part of our strategy is to ensure that educational programs exist.

Mr. Stevenson: Can I get a supplementary on that? I do not have the details with me, but Norm Sterling mentioned an issue to me. He was to get some further information, and I am not sure whether I have received it yet.

As the story came to me, some provincial funding was involved as well, and other equestrian programs were still being carried on, one at New Liskeard and a second one somewhere else. The one at Kemptville had been cancelled; the others had not. The question was why that particular one had been selected. I believe that call came from a quarter horse producer who was particularly interested in the quarter horse aspects of the funding.

Could you clarify for me whether it is 100 per cent federal funding? Are somewhat similar programs being carried on at other institutions?

Dr. Switzer: I can certainly answer the second part of your question. The answer is yes; there is a program at New Liskeard College of Agricultural Technology for training equestrian people.

To be sure the answer is 100 per cent accurate, I would prefer to ask your indulgence and answer

on Wednesday. I regret Dr. Rennie is not here today. He will be here Wednesday. If I could, Dr. Stevenson, I would like to bring you and Mr. Hayes a complete answer on that question.

Mr. Chairman: Okay; we would appreciate that.

Mr. Hayes: I have another question, dealing with the Bees Act. This has been a problem for quite some time. I understand it has not passed through cabinet yet, but as many members already realize, the problem is that bees are getting mites in their tracheae and choking to death. There are some concerns. Last year the federal minister issued an order that banned imports from the United States to eastern Canada, but bees are still being shipped into western Canada. Beekeepers kill their bees pretty well every fall and buy new ones.

To be brief and to the point, will the minister give us any idea of how soon the Bees Act will be amended to stop the imports and interprovincial shipments of bees into Ontario?

Hon. Mr. Riddell: You are fortunate that Dr. Ken McDermid is here to answer this question. Last year we had Rob McLaughlin, I believe, and we had a real dissertation about how bees work.

Mr. Hayes: I watched it on television.

Hon. Mr. Riddell: Dr. McDermid, would you like to respond to that?

Dr. McDermid: Yes. We have been dealing quite closely with the Ontario Beekeepers' Association in respect of the concerns in relation to Acarine disease, a disease that is caused by a mite. We recognized that in dealing with the federal department and requesting that it place a ban on the importation of bees from the United States into eastern Canada, and that was done.

In negotiating that, it was agreed that the eastern provinces would move with amendments to their legislation to control the interprovincial movement of bees. The steps have been taken to draw up amendments that, I expect, will soon be put forth by the minister to provide for a permit system, which will make it necessary for any bees being moved from western Canada to Ontario to be covered by a permit.

We would like to see that take place as soon as possible. When it does, we will be in a position through our inspection program to maintain a better degree of control than is currently the case. We are watching the situation very closely. We have done a lot of monitoring for the mite this past summer and in 1985 as well.

Mr. Hayes: We should be hearing very soon about legislation then.

Dr. McDermid: Yes. We are moving as quickly as possible with the amendments.

Mr. G. I. Miller: How big is the honey-bee industry in Ontario? Do you have any figures on that?

Dr. McDermid: We have quite a large number of beekeepers. I would be guessing. I was going to say 4,000, but it may be higher than that. There are about 800 that would be categorized in the commercial category. There are quite a few people who have only a few and it is more a hobby than anything else, but they are all registered under the Bees Act.

Mr. Chairman: Do you have a question on the same matter, Mr. McGuigan?

Mr. McGuigan: No, it is not on bees.

Mr. Chairman: Is there anything else on the bees?

Mr. McGuigan: While we are talking about federal programs, let us talk a bit about soybeans. On June 3 I made a statement about soybeans. It is a short one, so I will read it:

"In western Canada, the canola or rapeseed crushing industry receives federal and provincial operating subsidies, while the eastern crushers of soybeans receive no such assistance.

"Canada has a vast overproduction capacity for crushing oil seeds. The western canola crushers use the government subsidies as a means of lowering the domestic price of their products."

That is really the crux of the thing. Whenever someone gets a subsidy, he always passes it along to the next buyer, so this is where it comes into conflict with the soybean growers.

"Currently, the three eastern crushers, Maple Leaf Monarch Co. of Windsor, Canadian Vegetable Oil Processing of Hamilton and Victory Soya Mills Ltd. of Toronto, are operating at 70 per cent of capacity, and they expect declining production in the face of western Canada subsidies. Employment in these unionized plants is also adversely affected.

17:10

"Subsidies to western producers should be withdrawn and the funds applied to all the crushers, eastern and western. The funds should be redirected to be used to assist our crushers in meeting export subsidies prevalent in the world market. It makes no sense to apply offsetting subsidies to eastern crushers as this money would be wasted. We think the government money should be used to develop export markets and we call on all members to deliver this message to their federal members."

I have since had a letter, dated November 7, from Maple Leaf Monarch Mills, and this is the ongoing saga:

"As you know, the eastern oilseed industry has since 1982 sought the elimination of discriminatory minimum compensatory rates enjoyed by western canola products shipped east of Thunder Bay," in other words, those shipped into Toronto.

"Our industry was therefore encouraged when, on August 2, 1985, the federal Minister of Transport directed the grain transportation agency to examine the issue of MCRs on oilseed products. In turn, the GTA seconded this task to the transportation institute of the University of Manitoba.

"It was not until June 13, 1986, when the GTA report on this subject, dated March 4, 1986, was published or released, that the eastern oilseed industry learned that the GTA had reviewed the MCR issue on the canola industry only.

"They only compared the canola industry in western Canada with the canola industry here. We do grow quite a bit of canola in northern Ontario.

"The adverse effect of MCRs on the soybean industry, which is the main oilseed in eastern Canada, were not considered. The eastern oilseed industry, which consists of 20,000 soybean growers, 400 canola growers and 450 grain and feed dealers and three oilseed processing companies have subsequently been asked to comment on the recommendations contained in the GTA on March 4."

Then they have comments, which as you can imagine are pretty negative. I will briefly summarize them:

"1. The entire Canadian oilseed crushing industry remains under financial stress regardless of location.

"2. Margins for all Canadian oil seed crushers remains poor.

"3. The current freight rate distortion on western canola seed and products was eliminated by the Western Grain Transportation Authority in 1982, thereby eliminating the need for MCRs, minimum compensatory rates, east and west of Thunder Bay.

"4. The continuation of MCRs east of Thunder Bay on western canola products since 1982 has been an unfair freight cost advantage.

"5. If MCRs were replaced with commercial rates, the cost of moving canola oil and meal from the west would still be lower than transporting western canola seed for crushing in Ontario and supplying pods to eastern markets."

"6. The Western Grain Transportation Act freight rates afforded western canola products shipped to the Vancouver export market eliminates competition in this market for eastern oil seed products which are shipped at going commercial rates."

The main point is that eastern crushers and soybean producers feel they are being unfairly treated by the federal subsidies to the canola people. Have you had any discussions with the minister? Could you discuss this matter with the Honourable John Wise the next time you meet him?

Hon. Mr. Riddell: We have had discussions. The recommendations we made were that the MCRs be eliminated. I am going to have Bob Sequin come up. I know Bob is chomping at the bit to respond to this, because he is very aware and knowledgeable about this subject.

The Ministry of Transportation and Communications has been the lead ministry in sending our views to Mr. Horner. I understand my deputy is going to be having lunch with the deputy of MTC.

Dr. Switzer: Breakfast with Mr. Horner.

Hon. Mr. Riddell: They will be having breakfast with Mr. Horner some time next week to discuss this issue. Bob, fill us in on all that great information you have tucked inside that head, will you?

Mr. Sequin: As Mr. McGuigan has mentioned, the minimum compensatory rate issue has been nagging at the Ontario soybean industry for more than a decade, and it has been gradually building up over the years because of what you might call a trade deficit. The Horner report to which Mr. McGuigan referred to, despite the request to look at the entire issue, looked only at the canola issue west of Thunder Bay. Therefore, it did not look at the eastern Ontario or the eastern Canadian soybean industry at all. This has been one of the concerns we have had with the Horner report. One of the comments made by the Minister of Transportation and Communications (Mr. Fulton) to the federal government is that the studies that were done were incomplete.

More important, the past studies done by the federal government in 1982 indicated that the minimum compensatory rates were a barrier to trade, ineffective and should be dismantled. However, nothing happened and still nothing has happened. As the minister has indicated, we have been working with the oilseed industry in Ontario, with the government of Canada and with our own ministries to provide a unified position, indicating, as the minister has stated,

that the previous rates should be dismantled, and if not dismantled there should be at least equitable treatment of all oilseed producers and processors in Canada.

Mr. McGuigan: Does it also impinge on our own canola producers in northern Ontario? Are they affected by this thing?

Mr. Seguin: They are adversely affected. I was referring to soybeans because that has the major impact, but our growing canola industry in this province is put at a disadvantage because you can land a canola product cheaper than you can take it in from northern Ontario, despite the greater distances, because of the freight rates.

Mr. McGuigan: So it affects both of them?

Mr. Seguin: It affects both industries.

Mr. McGuigan: Canola is gradually increasing in northern Ontario, is it not?

Mr. Seguin: Throughout Ontario and northern Ontario as well. It is an ideal crop for that kind of climate.

Mr. McGuigan: I just wanted to note how important that was to the canola people in the north. That covers my questions.

Mr. Stevenson: Briefly, back to our \$1 billion, can we assume that the provincial government is going to match whatever the federal government comes up with in deficiency payments?

Hon. Mr. Riddell: No. I think that would be a wrong assumption.

Mr. Stevenson: The estimates of losses across Canada, as I have heard them, range between \$2 billion and \$3 billion, which can be attributed to the effect of the US farm bill. The payment that is forthcoming from the federal government is one third to one half the amount necessary to match the funds that will be going—in fact, a number of them have already flowed—to the American producers. Would it not seem fair that the provincial government should contribute to making up the rest of that deficit?

Hon. Mr. Riddell: Bear in mind that this is new money in addition to the stabilization program under the Agricultural Stabilization Act, our farm income protection program, which is another five per cent on top of the ASA program, and the \$96 million that we are putting into the enhanced Ontario family farm interest rate reduction program. I guess the OFFIRR program over the next three years will be \$246 million.

When you consider the amount of money that we are spending directly and indirectly under a

number of our programs, I think you will find that we are spending quite a bit more money than was spent for the last year or two, but we certainly do not have a Treasury that will be able to match the \$1 billion the federal government is putting into deficiency payments. When you consider we may get \$140 million of that, then when you talk about matching the provincial allotment you will find we are doing that. You would not expect us to match \$1 billion, which is to be spread throughout the whole country.

17:20

Mr. Stevenson: No. I am asking about only the portion that comes to Ontario. If you are referring to OFFIRR Plus, there is some question in many people's minds about whether that necessarily relates to the impact the US farm bill is having, but I will leave that for some future date.

Hon. Mr. Riddell: You are aware that we did stabilize the 1985 potato price, fully expecting that the federal government would match our contribution. For reasons unknown to me even at this point, the federal government did not see fit to match our \$500,000, which would bring the price of the potatoes in 1985 up to a stabilized level.

In your discussions with your federal counterparts in Ottawa, if you have any, I hope you ask whether Mr. Wise still has the door open. I asked at the Vancouver meeting whether the door was still open, and he said, "It is open a tiny bit yet." Our \$500,000 has already gone out to the potato producers, and they said: "Would it not be nice if the federal government could do the same? It would help us tremendously, considering the year we had last year and considering the crop damages we have had this year due to weather conditions."

As he was travelling around the province visiting areas I had visited a week or two ago, with or without rubber boots, Mr. Wise also made it abundantly clear and is on record as saying that all I have to do is assess the damages and come to him with what I am prepared to put into the program, and he will match it.

That is exactly what we did. We came up with an assessment of the damage and I personally delivered a letter to him at the Vancouver meeting saying, "All right, Mr. Wise, if you are a man of your word, we will expect you to match our program." I have not yet heard from Mr. Wise. I fully expect he is a man of his word and anticipate he will live up to his commitment. If you have any inside track with the federal Conservative Party, I sincerely hope you tell Mr.

Wise that the potato producers are still looking for the \$500,000 to match ours for the 1985 crop. They are still looking for the assistance he publicly stated he would render when he said all it would take would be for me to make the request.

That is apart from the crop disaster program. He is talking about an entirely different program. When I contacted him, I made him repeat three times that this was an entirely different program from the crop disaster relief program, because the guidelines are spelled out very clearly in the crop disaster relief program that for those items that are insurable there will be no federal payout.

I said to Mr. Wise: "You have apparently introduced a new program in your travels across the province. We have it on tape." It was taped. I was not there when he said it, but apparently some of the farmers saw fit to tape what he had to say. I contacted him by telephone. He said, "You assess the damage and come to me, and we will render financial assistance." You talk about me matching his program. I think Mr. Wise has a commitment to match ours.

Mr. Stevenson: Possibly I can shed a tad more light on the potato situation. As you will recall, we mentioned it in the Legislature. At that time, the potato producers of Ontario had gone to you and you had said flatly that you would not help them. Then they proceeded to Ottawa. I certainly do not mind calling Mr. Wise, having a chat with him and helping you do your job.

I do not know whether opposition critics have to do the same thing in Prince Edward Island or New Brunswick. Those provincial governments came forward, one with a \$3-million program and the other with a \$6-million program, and the feds matched both of those, to help the potato producers there. I cannot recall what was done in Quebec. Quebec had handed out \$18.7 million, I believe—it may have been \$18.4 million—to its potato producers by the spring of 1986. I understand there is another \$6 million or so yet to flow, although I stand to be corrected on that.

Perhaps the feds did not figure that the \$500,000 you put forward was a significant enough amount to be bothered matching. I do not know.

Hon. Mr. Riddell: It was all the potato producers asked for.

Mr. Stevenson: I will talk to Mr. Wise, see what the situation is and help you to get the word through to Ottawa for Ontario.

Hon. Mr. Riddell: You might advise Mr. Wise that we have come up with \$10 million for the damage to crops from weather conditions. If

he saw fit to match the \$3 million from one of the provinces you talked about and the \$6 million from the other, I hope he will see fit to match our \$10 million, which is what, we feel, the crop disaster relief is going to cost.

Mr. Stevenson: That is quite a different topic. I am talking strictly about the funding that flowed because of the depressed prices for potatoes, not from the previous year's marketing season. I am not referring to the funding that has gone forward relating to this year's crop. That is quite a different sum of money.

Hon. Mr. Riddell: I do not see the difference. If he will match our \$10 million it will help tremendously. As a matter of fact, one of the largest and best-known potato producers in this province was talking to one of my staff members this morning. He expressed a lot of gratitude for the program we introduced, because he stands to get almost the maximum amount of the program, which is about \$45,000, as hard, cold cash.

That is where we differ from the other provincial budgets. It would be very interesting if you went back to Alberta or Saskatchewan to see how many farmers were getting \$45,000 in hard, cold cash by way of a grant. I think our program is very significant. Obviously, it is very well accepted by producers, who are contacting us. All I am saying is, put a little bit of pressure on Mr. Wise to match our programs, which he said he would do.

17:30

Mr. Stevenson: The minister is choosing to hopscotch around the various issues a little bit. We have suddenly turned from the multimillion dollar programs in other provinces on potatoes and his \$500,000 program here, and now we are on the compensation related to this year's high rainfall situation. I agree. I am quite happy to see the \$10 million flow and I would be quite happy to see the \$10 million matched. I do not argue with that at all.

You brought up the situation in western Canada. There was no question that Alberta farmers got very substantial outright grant funding relating to crop damage situations as a result of drought. I do not doubt for a minute that many of them got substantially more than \$45,000. Not only did they get funding relating to crop damage under the two-year drought program there—and I believe the funding actually carried on for a third year to help them recover from it—but also they had the funding for livestock programs to maintain their herds and the funding to get better water supplies for the herds.

It is not at all unusual to have provincial governments respond in a very significant way with new programs relating to severe weather situations. As I recall, there was some special money flowed to the west relating to the drought but much of that money flowed under the stabilization program they had out there with the federal government and not through an ad hoc payment. I come back to the fact that I am not sure whether this minister is doing anything very different or better than other provinces have done in the past in similar situations.

Hon. Mr. Riddell: But not doing any worse. I think that is worth repeating.

You referred to the \$500,000 I sent out to the potato producers to compensate them for the low price in 1985, but it was the Ontario Potato Growers' Marketing Board that asked for advice. They told us that a fair treatment would be a total of \$1 million with half a million to come from the province and half a million to come from the federal government. Those are not my figures.

You can say that \$500,000 in the eyes of the potato producers was such an insignificant amount that they did not feel they should pursue it with the federal government, but it is exactly what they asked for. They asked for \$1 million, half a million from the province and half a million from the federal government. We came up with our \$500,000, and Mr. Wise says the door is still open a wee bit for his \$500,000. Our potato producers say it would help tremendously if he came through with the \$500,000.

I sincerely hope he will match our \$10 million, as he said he would do as he toured across this province. You should tell Mr. Wise that I consider him to be a man of integrity and that your advice to him is not to let me down.

Mr. Stevenson: I will make one more comment and then pass. I wonder what sort of messages the other Premiers and other agricultural ministers get from Ontario. Of course, we are always concerned at how other jurisdictions understand our programs and how great a need there might be.

I want to read into the record the statement relating to agriculture made by the Premier (Mr. Peterson) in Vancouver in his opening statement. It is on page 4: "Like their counterparts elsewhere, Ontario farmers have yet to fully recover from the 1982 recession. Just last year, Ontario farmers saw their income fall significantly."

In an 18-page presentation, there are two sentences relating to agriculture. The fall in income refers to the 1985 season. If that is all you

have time to say, I am not sure why you mention it. I assume the message about the needs of Ontario is getting through in a lot clearer fashion than this presentation.

Hon. Mr. Riddell: I am sorry. What were you quoting there?

Mr. Stevenson: The Premier's statement.

Hon. Mr. Riddell: What you have to do is weigh what the Premier said with what Prime Minister Brian Mulroney said when he made a speech. He got up and talked about the tremendous recovery Ontario farmers had made and were making compared with the other provinces.

Mr. Stevenson: I am as responsible for what Brian Mulroney says as you are responsible for what John Turner says. I will rest my case.

Hon. Mr. Riddell: They consulted with us on their agriculture policy, and you will notice how quickly that went through. They thought so much about it that they passed it in 10 minutes. They are gung ho to move ahead and help this industry.

Mr. Hayes: The minister mentioned the Ontario family farm interest rate reduction plus program and that it would be going for three years. There was talk before about phasing out the OFFIRR program. Is it the intention of the minister that the amount put into this program this year will be no less next year or the year after? Are you going to keep the same level or higher?

Hon. Mr. Riddell: We will be phasing down the program over a period of three years, but we will have to cross the bridges as we come to them. I do not think anybody can predict what will be needed next year, the year after or in the balance of this decade. As long as this trade war is carried on between the Americans and the European Community, we will always have to sit down and figure out the needs of the farmers.

We will not let our farmers down. I can respond at a little more length on the OFFIRR and OFFIRR Plus program, which you asked about in your opening comments. OFFIRR Plus is directed at those who expect to earn their family living from farming. This does not exclude those who have an operation on a scale that would provide a family living but the farmer has had to take outside employment along with farming to get the operation back to a financially stable position. If such a farmer can show that the off-farm income is reducing debt so that the operation will be able to provide a family living within the reasonable future, the farm family will be eligible.

The program was not designed to provide benefits to part-time farmers. It was felt that scarce resources would be best directed to full-time farmers. Directing benefits to part-time farmers would still require a certain level of production to be evident to avoid giving interest assistance to those whose so-called farming debt is really closer to an urban residence home mortgage than a farmer's production assets.

17:40

It is recognized that part-time farmers do make a contribution to agriculture and the rural community and they are eligible for many of the other programs and services provided by the ministry. Included among these are advice in technical and field services group, the farm tax rebate and stabilization. The Ontario family farm interest rate reduction program or OFFIRR Plus were never intended to assist farmers whose operations are no longer viable. There is little point in spending government funds to sustain farm operations that are not likely to be able to continue in business. In such circumstances, the creditors are the beneficiaries, if anyone really benefits. Such farm families are better assisted through farm debt review boards and the Canadian rural transition program.

I know that is deviating a little bit from the question you asked. You indicated you wanted more information on OFFIRR Plus in your opening comments and we said we would deal with it as we discussed it in the votes.

The three-year program to which you referred is one where there will be a phasing out. It may well be replaced with something that would benefit farmers more in three years' time than this program does. We would like to think we can develop programs that are longer term to do just as you said we should do; that is, give the farmers a chance to know what they can expect from government so they can do their long-term planning and not feel it is only ad hoc programs that will be used to help them in their financial dilemma.

Mr. McGuigan: I want to make a comment on this whole matter of the American farm bill passed a year ago, on December 23, 1985. The program was designed to win back for the United States its former share of export markets. They thought that by lowering the price of grain on the world market and increasing the subsidy to farmers, they would actually end up saving money because they would move the grain rather than have it stored.

However, it has been a total disaster in that they have not sold any grain to the Russians,

which is the one big remaining market in the world. They have succeeded in lowering the world price, but the Russians are buying from everybody else, including Canada, Australia, Argentina, Europe and Southeast Asia. One has to think that was a political decision they made, too. It is not surprising, since the two countries are almost enemies.

The Americans now realize they have a terrible program on their hands. They estimate it will cost about \$10 billion for 1986 and total \$30 billion or more. I do not want to raise any false hopes, because it depends so much on the political situation in the US, which has deteriorated so much since the Iran affair, but there is some hope that they may make some adjustments. They are talking right now of increasing the 20 per cent set-aside. In order to participate in the subsidy, farmers have to set aside 20 per cent of their grain acreage, which results in about a 10 per cent reduction in bushels because the farmers have set aside the worst land and they put more fertilizer on the remainder.

They are talking about a 15 per cent additional set-aside for next year, so that should bring it up to 35 per cent, which would be fairly significant. There is some chance that they will change their policies; we may have to look at this for only another two or three years. I certainly hope that is the case.

This brings me to another subject. I do not know if there is time to talk about it or not, but since they are talking about 35 per cent reduction in acreage in feed grains in the US, is your ministry giving any thought to the corn growers' association recommendation that we have some sort of a set-aside here, especially to tie in with soil conservation, growing alternative crops and co-operating to some extent with the US? We really do not need to set aside those acres as far as overcapacity is concerned; we are marketing all of our crop. We do not have the same need they have, but I think it would be a reasonable gesture to perhaps encourage them to bring their system a little more into sensibility than at the present.

Hon. Mr. Riddell: I do not know how effective it would be if all other provinces, particularly those west of us, were allowed to produce as much as they are producing at the present time, or even more. If the western provinces saw there was going to be a void in Canada—and bear in mind that we produce corn and they produce grain, however they compete against each other in the marketplace, and the western provinces really have not got into the

business of fertilizing their land to the extent we do.

Mr. McGuigan: They are starting to.

Hon. Mr. Riddell: If they did, they could produce a lot more than they are producing at present. I have a feeling they would be producing an amount that we would be not producing if, indeed, we set this land aside. If it was a Canadian program, I would say there would be some merit in it. I am not convinced there would be if it was strictly a provincial program.

Bob Seguin is an expert on this stuff. He is feeding me with more and more information. Every day I go up there there is another article from the US on my desk. I think it is safe to say, Bob, the Congress is taking a pretty serious look at the US Food Security Act? From what we are reading, it would not surprise us to see some changes in that act next year.

Mr. Seguin: That is the general trend of the new Democratic Congress, and particularly the Senate. They are looking at the cost of the farm bill, which Mr. McGuigan just raised, which is far in excess of what they had planned. One must remember that certain parts of the US budget are pretty well safe and secure and cannot be touched. The farm expenditures are one item that you might call discretionary. If you have to meet certain deficit targets, one big lump sum sits out pretty plainly: the cost of those farm expenditures.

Mr. McGuigan mentioned the figure of \$25 billion to \$30 billion. That is just the farm support payments. The total budget for the US Department of Agriculture is estimated at about \$100 billion. There is a massive amount of money there that could somehow be modestly trimmed. The Democratic Senate is looking at acreage controls and raising prices domestically. The Republicans look towards a more market oriented farm bill. There is that kind of split within the Congress about how the future farm bill should go.

As Mr. McGuigan mentioned, and as you have mentioned, that is going to raise the question of what changes should be made in 1987. As Mr. McGuigan pointed out, already there has been a new diversion plan created. The 20 per cent set-aside still exists, but now they have added the 15 per cent diversion, which did not exist last year, to take more land out of production; and it is estimated that in itself could cost \$2 billion.

In reference to your land set-aside, the ministry has been working with the Ontario corn producers over the summer to look at a number of options of how this could be done and how

effective it could be. As the minister has mentioned, the ideal thing would be to work both with the US and with the government of Canada to have a national plan and to have some sort of correspondence between the two nations.

However, our work has been pretty preliminary, and since the decision by the federal government to announce a \$1-billion payment the Ontario corn producers have just naturally focused their minds on that issue right now. But the set-aside has not left their minds and it is something they are looking at longer term. I think what they would look at is something in a stewardship program, a soil conservation program, because they have agreed that the price impact of taking land out of production in Ontario is pretty modest, almost negligible.

17:50

Mr. G. I. Miller: How much corn, soybeans, barley and oats are we producing over our own needs? Do we have those figures?

Mr. McGuigan: Mr. Chairman, I have one more comment.

Mr. Chairman: Let Mr. McGuigan finish.

Mr. McGuigan: In talking to western people, they are going to bring up the Lower Inventories For Tomorrow program that they had a few years ago, when they took land out of production and then the next year there was a drought. I guess they were determined never to do that again because they missed a lot of opportunities.

Hon. Mr. Riddell: The payment in kind program.

Mr. McGuigan: In western Canada, we had the LIFT program—it was the same as the PIK—quite a few years ago. They said, “Never again will we do that.”

Hon. Mr. Riddell: The program in the US was a disaster too.

Mr. Seguin: The LIFT program, during the 1970s, was more just taking acreage out without having the extra subsidies.

Mr. McGuigan: But it had the goal of reducing inventories. I suppose the PIK program had the same goal. It seems to me if you could talk to them perhaps we could do it on a Canada-wide basis. I realize you cannot do it on an Ontario-wide basis, but perhaps we could bring a little more sense to this whole crazy atmosphere.

Hon. Mr. Riddell: I agree.

Mr. G. I. Miller: In relation to controlling production, or set-aside, I think we have to take a look at our own needs. This fall was a good

example. The processors did not have any soybeans to work with until we had harvesting going. We want to make sure we are not going to be an importer; we have to provide for our own needs. The question is, do we have a count on how much surplus production we have in corn, soybeans and those other grain products?

Mr. Seguin: I do not have the numbers right here, Mr. Miller, but we do have estimates of, let us say, self-sufficiency and over self-sufficiency. As you are probably well aware, we are more than self-sufficient in grain corn. We are approximately self-sufficient in soybeans, but with the problems of harvest time, the timing of the production. On barley and oats, off the top of my head I could not tell you, but we could get those numbers for the committee for the next meeting.

Mr. Chairman: Any other questions? I have one. Under the food land preservation policy, I believe the Topsoil Preservation Act comes under your jurisdiction. Am I correct, or is that municipal?

Dr. Switzer: I believe so.

Mr. Chairman: I was appalled when I saw the best topsoil in Sudbury being lifted off. You may laugh at that, but there is some good soil in Sudbury. We have grown world-class potatoes in Sudbury over the years. I actually followed a truck that was going to improve the landscaping when Science North was being built. It bothered me that this topsoil was going to a public institution, although it really does not matter where it is going, I suppose. It struck me as strange and I tried to get the region to pass a bylaw to prevent class 2 land from being used, because there is only class 2, 3, 4 and 5 land up north. Because of climatic conditions, I understand, there is no class 1 land up north. This was class 2 land.

I tried to get them to pass a bylaw to change that and they would not do it. The Ontario government of the day—which was several years ago—indicated it was satisfied with the existing law. However, the region said if it tried to enforce the existing law it would not stand up in court. The province said, “How do they know if they have not tried?” It went around in circles and the topsoil kept being lifted off; and to this day topsoil can be taken off in places such as Sudbury, where we need all the good soil we can get, it seems to me, if not for today, for some day.

Have you had these kinds of complaints elsewhere in the province from municipalities that felt the Topsoil Preservation Act could not be

enforced if the municipalities tried to do something about it?

Hon. Mr. Riddell: Henry Ediger might be of help here.

Mr. Ediger: I am not sure I can answer all your questions, but it is permissive legislation and the local municipality can pass legislation to stop topsoil being removed. I believe it would certainly hold up. We have not had any indications from our legal people that it would not.

Mr. Chairman: They may have been planning the easy way out themselves.

Mr. Ediger: It could be. I can try to get more information for you on that if you like.

Mr. Chairman: It seems ludicrous to do that with the best soil. They did not need the best soil for that purpose.

Hon. Mr. Riddell: Could that be incorporated into our food land preservation policy?

Mr. Ediger: There is a separate Topsoil Preservation Act that allows municipalities, if they feel their land is being used the wrong way, to pass legislation. We have looked at that and, seemingly, that legislation should hold up fairly well. There are only two or three municipalities that have enacted local legislation.

Mr. Chairman: Others just let them do it.

Mr. Ediger: I do not think others have felt it was a problem.

Mr. Chairman: I see. Maybe I was the only one in Sudbury who did.

Mr. Ediger: Sudbury felt it was a problem, yes.

Mr. Chairman: I was impressed with someone from the ministry when I phoned down to find out what class of soil it was, because I was trying to raise it as a public issue to get people interested in it. The person to whom I was speaking said, “Wait until I get a smaller scale map,” and he went and got another map and was pinpointing the exact location where they were stripping the soil off. The more he zeroed in to where it was, to his credit, the more excited and angry the person in the ministry got. He said, “That is classified as number 2 and there is no better soil in northern Ontario.” He was concerned about it but, of course, it was permissive legislation, as you say. Nothing could be done about it.

Mr. McGuigan: There is very little better than number 2 any place.

Mr. Chairman: Yes, I suppose.

Mr. McGuigan: I think one half of one per cent is number 1.

Mr. Stevenson: Just as a matter of interest, in the estimates book, under the Topsoil Preservation Act, it states, "provides authority for municipalities to enact bylaws regulating or prohibiting the removal of topsoil and for the issuing of permits therefore."

Mr. Chairman: It is definitely permissive legislation. Are there any further comments before we adjourn? When we come back on Wednesday, we will have the drainage experts before the committee and we will proceed with that debate. We are adjourned until Wednesday afternoon.

The committee adjourned at 5:58 p.m.

ERRATA

No.	Page	Column	Line	Should read:
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R-7	R-146	1	18	date, but we have also done a phytotoxicological

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Witnesses:

From the Ministry of Agriculture and Food:

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 Switzer, C. M., Deputy Minister
 Collin, G. H., Assistant Deputy Minister, Marketing and Standards Branch
 Ediger, H., Executive Director, Foodland Preservation and Financial Programs
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 Seguin, R., Director, Economics and Policy Coordination Branch



No. R-12

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament
Wednesday, December 3, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 3, 1986

The committee met at 3:29 p.m. in room 151.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1601, ministry administration program; item 1, main office:

Mr. Chairman: Before we start, I would like to welcome Anne Howden to the committee. Ms. Howden won a contest involving public speaking, I believe sponsored by the Royal Agricultural Winter Fair and the Ministry of Agriculture and Food. She is Minister of Agriculture and Food for a day, so we look forward to some short-term improvements. Welcome to the committee. We are pleased you are here.

The committee will proceed today with a look at the land drainage question. Before we do, I believe the minister has a response to a question put to him by the member for Essex North (Mr. Hayes).

Hon. Mr. Riddell: Dr. Rennie was not able to be with us when we were talking about cuts in federally funded courses delivered by the Ontario Ministry of Agriculture and Food but I have a response for Mr. Hayes.

The only horse program being cut is the farrier program at Kemptville College of Agricultural Technology. This was funded by the federal Department of Employment and Immigration under the old Manpower program, which is now the new Canadian Jobs Strategy program. Farriers are considered entrepreneurial or self-employed as opposed to being employees, so they do not fit the criteria for job entry. Also, farrier is not on the list of jobs that the federal government has identified as requiring training.

However, at Kemptville this year we are running a one-year pilot equestrian coaching program that has 20 students and is run on a cost-recovery basis by the Ontario Ministry of Agriculture and Food in co-operation with the Canadian Equestrian Federation. We train the students who must then be accredited by the CEF. CEF does not put in any money.

Our main concern is that the management-of-the-farm business courses will be cancelled. A few would have been delivered this fall, with most of them being delivered early in the new year. This new Canadian Jobs Strategy program

has requirements that simply do not fit what our farmers need. For example, our course was 20 hours in length, and they require from 60 to 80 hours. Also, the requirement of being unemployed for a certain period of time will not make it available to farmers, who although they want and/or need the training, are considered to be self-employed.

I will give a few figures for 1985-86 for the management-of-the-farm business courses. At our five colleges of agricultural technology the course was delivered 146 times to 2,759 participants. OMAF staff also assisted in delivering the course at some community colleges. In total, for 1985-86, there were 181 courses with almost 3,500 participants. There are other courses that will be cancelled. They vary in number from year to year and from college to college and cover such things as machinery repairs, and microcomputers and agriculture. They will not be delivered because of the federal cuts.

Dr. Rennie is with us today and if you have any further questions on programs that have been curtailed, he will be pleased to answer them.

Mr. Hayes: There is just one point. A similar course is put on at Humber and New Liskeard. Am I correct in saying that?

Dr. Rennie: There are some differences. The course the minister referred to was strictly a farrier course at Kemptville. That was a job training course and it was cut. The one at New Liskeard and the one at Humber are similar. It is a credit degree course. They are what we call husbandry type courses; they get more into nutrition, genetics, management, health, caring and feeding, those aspects of managing horses.

The course the minister referred to, the coaching class, that is going on at Kemptville at the present time, is strictly a riding class. That is why it is primarily a cost-recovery program. It is the only one in Ontario. The New Liskeard and Humber ones deal with husbandry, care and management.

Mr. Hayes: My understanding is that the people who actually go to Humber or New Liskeard will not be or cannot be, or are not capable or whatever the case might be, of moving to this area. This is a new Kemptville is it not?

Dr. Rennie: Yes, it is.

Mr. Hayes: I guess that has created a problem where they need riding coaches, for example, people to work with horses. There seems to be a problem getting people to move into that area. I guess the question I am asking is, does the Ministry of Agriculture and Food feel that this is a worthwhile program and that the federal government should continue its funding of this program?

Hon. Mr. Riddell: I will let Dr. Rennie answer it. He is far more familiar with the program than I am.

Dr. Rennie: The one that has been cut is the farrier one. As the minister indicated in his response, these tend to be people who are entrepreneurs or individuals. They work on their own to quite a large extent compared to some of the others. There is a demand for them; there is no question about it. We feel badly because it was a good program and we think it should have continued, but it is not serious to the point where there is going to be a shortage at the moment. However, if you run without programs of the farrier type anywhere, there will be a shortage of properly trained people in the future. It is something of which it must not be said, "Too bad it is gone." We will have to look at it and see whether we can persuade them to come back in.

Mr. Hayes: I understand that one of the conditions they had to meet was to show the need to do this. Apparently they have done so; they have a Woods Gordon report showing the total operation and how many people could be employed. I would appreciate it if you could follow that up.

Hon. Mr. Riddell: We will do so.

Mr. Stevenson: Possibly you stated this and I missed it: is that the only farrier program in Ontario?

Dr. Rennie: I think it is, although I am not positive. It is the only one in eastern Ontario; I know that. There could be one run out of Seneca. I would have to check to be absolutely positive.

Mr. Stevenson: In your husbandry courses here and in New Liskeard, is there a course—there must be some sort of training on trimming and shoeing.

Dr. Rennie: There are a few sessions, but not enough for somebody to be qualified to go out there.

Mr. Stevenson: The people who are doing the difficult jobs on high quality horses and so on are strictly in the school of hard knocks; is that it?

Dr. Rennie: To a large extent, yes.

Mr. Stevenson: The ministry does run short-term courses for people in areas of need. Are short-term courses in welding and that sort of thing taught at Kemptville?

Dr. Rennie: Yes, there is a whole series of them, and at the other colleges as well; at community colleges too.

Mr. Stevenson: With the importance of the industry to the economy of Ontario, would it not seem reasonable that if there was a deemed need in the area, the Ministry of Agriculture and Food might start a program of its own to meet the need? The thrust behind the program funded by the Ministry of Agriculture and Food might have a much sounder basis and be more long-term and better than something formulated by Department of Employment and Immigration.

Hon. Mr. Riddell: If it appears there will continue to be a void, and there is a need for it, as you suggest, and if the federal government has made a decision not to fund this course any longer, it is something we in Ontario will definitely have to look at, and we will.

15:40

Mr. Chairman: Is that it, Mr. Stevenson?

Mr. Stevenson: Yes.

Mr. Chairman: We would have trouble pursuing the matter anyway. Are there any further questions on that matter before we move on to land drainage? There is agreement among the three parties that we will adjourn at five o'clock today, rather than the normal six o'clock. We will launch in to land drainage. Mr. Pierce, you look like as if you are ready.

Mr. Pierce: I am ready. Whom do we have?

Mr. Chairman: Do you wish to call someone?

Hon. Mr. Riddell: Perhaps Vern Spencer. Does John Johnston want to assist? He might as well. These two gentlemen are directly connected with our drainage programs. I know you will get into specifics and I trust these two gentlemen will be able to reply to your questions.

Mr. Pierce: Perhaps I can first correct the record. On Thursday of last week, November 27, I stated on page 42 of Hansard that I thought the cost of the study was \$50,000. The cost of the study and part of the work the community proceeded to do on the ditch amounted to about \$36,000. The actual cost of the study assessed to the community was \$18,000.37. This is so the record is correct and it is not to be construed as a \$50,000 assessment.

I brought to the attention of the committee and the minister a particular problem in the Ducharme drainage, as it was called, in the township of Alberton. Maybe Mr. Johnston or Mr. Spencer can respond to some of the inquiries I made on Thursday, November 27.

Mr. Spencer: Mr. Pierce, I believe you had also written to the minister.

Mr. Pierce: Yes.

Mr. Spencer: We will be providing a response, so there will be a written response as well.

The situation there in some respects is that hindsight is better than foresight. The municipality started this process under the Drainage Act. They engaged a consulting engineer. The consultant prepared a report that was not adopted. We are not entirely sure why it was not adopted. The report was returned to the engineer to modify. He prepared a second report that the council adopted and one of the ratepayers appealed to the tribunal after having been unsuccessful in convincing the council to change the report further.

The tribunal came and heard the case. Based on the information it received, it directed the municipality to refer the report back to the engineer for additional improvements to the report. When the third report was submitted, a very extensive and expensive project was placed in front of the municipality. Not only was the municipality concerned about it, but a number of ratepayers were also concerned about it. They again appealed to the tribunal, which is their right.

When the tribunal visited, based on the information it received it ordered the report quashed or stopped. It ordered the municipality to pay the costs. In the reasons, it indicated it was because it felt that much of the problem in this situation was road drainage and the road culverts. It felt the municipality had not properly looked after the roads and had not properly tried to resolve the problem. That was why they assessed the cost to the municipality. At this point there was an election and some change in council. Council agreed to pay the cost of the report. As we understand it, it made substantial improvements to the road drainage and to the culverts, and that is basically where we are at this time.

There was one follow-up, in that the original petitioner did petition again. The municipality said, "We have fixed your problem and do not need to proceed any further." That was appealed to the tribunal. The tribunal heard that case, agreed with the local council and rejected the petition. The bottom line or the end result is that

the municipality did all the work that ultimately was required along its roads through its road budget. In effect, all that happened under the Drainage Act were three reports, three hearings. All the costs had to be covered, and they ended up being covered by the municipal council.

The view we take is that the act is permissive legislation. It is there for people to use. Nothing irregular was done. The various people were protecting their rights by their various appeals. The tribunal ruled as it saw best, and while it is a very unhappy conclusion, I guess it is the only conclusion that could have come from the process.

Mr. Pierce: Let me just read a little bit of what was reported as a result of a meeting that was held in the community hall where Mr. O'Brien, chairman of the four-member tribunal, was present. There were in excess of a hundred people there. I do not want to appear that I am asking for judgement in this particular case. What I am trying to do is to outline what can happen in respect of one or two property owners in any given area who request that a consultants' report be done. All it takes is one person to make that request.

You can end up having this kind of thing happen to you as a property owner or an abutting property owner who may or may not benefit from the actual drain. The chairman of the board has said of the consultant's report that it was close to fraudulent. We have already decided that \$90,000 is not justified. The drain would run through two properties and eventually into the river.

Yet the tribunal report orders the municipality to pay the consultant, even though the tribunal recognized that the consultant's report was, to say the least, next to fraudulent. I question whether the tribunal has the authority to require the municipality to pay the consultant. In this case, the charge is \$18,000 for a report that is of no value to anyone.

Mr. Spencer: The one person requesting does have to have a valid petition. Normally, there have to be at least two. I recognize what you are saying. It is a very small number.

Mr. Pierce: Two people acting on two properties can make that request?

Mr. Spencer: Provided those two people meet the criteria for a valid petition. A council does not have to accept that petition. If it refuses it, it has to be prepared to defend itself in front of the tribunal as to why it refused it, but it may well be that council should or could have refused it and

could have defended itself quite ably in front of the tribunal, had it been appealed.

It is not mandatory that when you get a petition you have to proceed and get an engineer's report. There is discretion, and one has to weigh which appeals there might be and whether one could defend oneself.

15:50

The second point I would like to speak to is the engineer's report and the tribunal ordering it to be paid. My understanding of the situation is that the tribunal is not in a position to appeal the content or the appropriateness of the report; the municipality is. Therefore, when the tribunal ordered the municipality to pay for that report, it was with the full understanding and knowledge that the municipality had the right to question both the amount of the report under the Drainage Act and the appropriateness of the report through the Professional Engineers Act.

Again, my understanding is that the council was aware of that, at least at one point or another in time. It decided it did not want to launch either of those appeals. The engineers had billed them for things they had done, and they would have to pay it.

Mr. Pierce: I guess in respect to and in appreciation of the municipality and the council of the day, I have a letter from the clerk on April 11, 1986. In her letter she says, "I would respectfully draw your attention to the order made that the township of Alberton pay the engineering costs pertaining to the preparation of the engineering report." I am only assuming that if the municipality decided not to pay it, its case would go with very little weight if the appellants showed up with a decision of the Ontario Drainage Tribunal that said the municipality was responsible to pay the engineering costs. Perhaps the tribunal really has no position in dictating whether the report be paid for or not.

Mr. Spencer: The point is that there are costs arising from the project, and the tribunal does have the authority to direct where those costs should be paid from. The distinction I am trying to make is that while they may say the municipality should pay the engineer's fees, there is another mechanism for determining whether those engineering fees are valid and whether, as someone said, the report verged on fraudulence.

Mr. Pierce: It was the chairman of the Ontario Drainage Tribunal who said the report bordered on fraudulence.

Mr. Spencer: There are forums where those issues can be decided. Unfortunately, the validity or the appropriateness of the report, whether or not it is fraudulent, cannot be resolved in front of the tribunal. That is under the Professional Engineers Act.

Mr. Chairman: Mr. Pierce, would you allow a point of clarification from Mr. Hayes?

Mr. Hayes: On Mr. Pierce's question, are you talking about a completely new municipal drain, or are you talking about a drain that was on a recall or on a repair? What is it?

Mr. Spencer: In this particular case it would have been a completely new drain.

Mr. Pierce: The purpose of bringing this whole issue to the committee is to show the frustration that the people of the area face over these particular kinds of applications by one, or in this case two, individuals as it reflects on the taxpayers of the total municipality, because you are talking about a municipal drain.

If, in fact, the consultant determined that the drain was of value to the abutting land owners and instructed the municipality to go ahead with the drainage ditch, then, of course, the abutting owners who would benefit from the ditch would pay the cost of the actual ditch.

However, in the meantime, there are all these costs that wander in from a number of different directions: from consultants and from legal sources to determine whether you have a legal position. In this particular situation—I would like for this reason to bring this to the minister's attention—this whole exercise started on September 6, 1977, and is still going on today, but the last Ontario Drainage Tribunal was held on October 12, 1983.

It might be worth while to read into the record what takes place in this kind of situation over that long period of time. Of course, the taxpayers are still paying the \$18,000 for the consultant's fees and the \$18,800 some-odd that the municipality has spent to repair and maintain the ditch line.

The petition was first received on September 6, 1977. It was considered by council on September 14, 1977. An engineer was appointed by council on October 18, 1977. Extensions were granted to the engineer for his report on April 18, July 12 and October 12, 1978—the whole summer. The passing of the bylaw to extend time to prepare the engineer's report, and the report if not filed within six months, was April 10, 1979. The engineer's report was filed on November 14, 1979; meeting to consider the report, December 5, 1979; referred back to the engineer, December 5, 1979; referred report filed, August 19, 1980;

notice of the meeting to consider the referred report, September 25, 1980.

It goes on: meeting to consider referred report, October 9, 1980; first reading of the bylaw adopting the report, November 12, 1980—three years from the time the petition was received until the first bylaw was read.

Second reading of the bylaw adopting the report was November 12, 1980; Ontario Municipal Board approval received December 4, 1980; court of revision held December 17, 1980, adjourned to January 21, 1981, adjourned to February 18, 1981. Decision of the court of revision appealed to the Ontario Drainage Tribunal, February 23, 1981; Ontario Drainage Tribunal hearing on decision of the court of revision, October 15, 1981; resignation of—I will not read into the record the consultant's name—without providing a revised report as ordered, May 31, 1982; resignation accepted by council, June 9, 1982; appointment of new consultants, June 9, 1982; engineer holds meeting with owners, August 27; report received by council, July 12, 1983; meeting to consider the report, March 2, 1983, adjourned to March 9, 1983; council decided not to proceed, March 9, 1983; decision of council appealed to the Ontario Drainage Tribunal, March 10, 1983. The Ontario Drainage Tribunal was held on October 12, 1983.

Over the period from 1977 to 1983 certainly councils change, and probably change in frustration because of the length of time that is required to satisfy the requests of one or two individuals to have a municipal drain built to benefit their land. The purpose of the whole exercise is to emphasize to the minister that something is terribly wrong when you can have one to 50 to 75 to 100 people living in a community, and the requirements of two people can take up that much time and cost the taxpayers that much money because they, in their own mind, determine that they want to have a piece of land drained.

I do not know where you go with it, but I know the frustration felt by the land owners who are subject to the cost of paying for the consultant's report and the cost of maintaining the ditches—they make no bones about it; they have to do it—as a result of an application of a couple of people in the district.

Mr. Spencer: The only response I can make is that the legislation provides a process. It is a process that allows projects to be started; it also allows them to be stopped. It relies on the actions of a number of people to make it happen. Council is key in that.

The tribunal decision was carefully worded, but depending on how you read it, it would indicate that they had some concern about the actions of council, at least in the early stages. It was for that reason that the costs that were there, and had to be paid for by someone, were assigned to council. Beyond that I do not think there is much else to say, other than that everything that happened was in the time limits, within the bounds and within the rights of people to protect their interests with respect to appealing or requesting or whatever the situation was.

16:00

There were a number of adjournments. Without looking into it and determining who called for the adjournment and what the reasoning was, it is difficult to comment. Clearly, the case was extended by the number of adjournments.

Mr. Pierce: Let me sum up. The minister commented the other day that he was not aware of a lot of problems with the Ontario Drainage Tribunal. I have here a resolution that was sent to the minister on April 10, 1986, from the municipality of Alberton. The township of Alberton passed the following resolution:

"Be it resolved that the council of the township of Alberton endorses and supports the municipality of Neebing's resolution wherein the Minister of Agriculture is petitioned to consider amendments to the Drainage Act so that a cost-benefit study of each petition be made mandatory and any costs related to the study be subsidized in part by the ministry and the petitioner or petitioners."

That was addressed to the minister on April 10, 1986, with copies to me, the minister, the Association of Municipalities of Ontario and the corporation of the municipality of Neebing.

I am sure the minister is aware there is a problem out there, and there have been letters from individuals within the municipality of Alberton to the minister. My colleague Pat Reid also brought this problem up in the early years of the original application. There are some problems out there, and they have to be addressed, particularly as they relate to the cost of the engineering studies that are requested to determine whether a ditch is necessary.

Hon. Mr. Riddell: Mr. Spencer, would you like to comment on a cost-benefit study for each and every project that is carried on within the province?

Mr. Spencer: The only comment I would make is that we did respond to the Neebing resolution, Mr. Pierce. I could include that with our other written material to you.

The issue at that time, as we saw it, was whether the cost-benefit should be mandatory as opposed to optional, as is currently the case. From the perspective of the ministry staff, if you look at the projects that are done all across the province from one end to the other and where they are, probably 70 per cent to 80 per cent of them move quickly, in a very straightforward manner; everyone is basically in favour of them and there are no real problems with them.

There are other areas, your area being one, and in some sections of eastern and central Ontario—actually, they are spotted all around Ontario—where new drains are being proposed, or where there is a very definite mix of land uses or where there is very little agriculture and a lot of commercial and there is a use of the act for what some people would consider inappropriate reasons, although the act does not suggest that it needs to be directed to agricultural lands. In those circumstances the option of having the cost-benefit is there, and there are a number of ways of calling for it.

The position of the ministry has been that since the option is there and since we are relying to a large extent on the local council to make these kinds of decisions, it was not necessary, and perhaps not prudent, to make cost benefit mandatory province-wide.

I do not think there is any denying that out of the 600 or 700 projects which get started or finished each year there are some problems. Roughly 10 per cent of them get appealed beyond the local municipality, either to the tribunal or the referee. Out of those, 10 or 12 are very troublesome, and the ones you mentioned, Neebing township and Alberton township, and a handful of other very similar—

I still come back to the same point, that the act does have a lot of discretion in it and that there is a lot of flexibility in it, I hope so that local people can mould it and use it to meet their purposes. Unfortunately, as you indicate, in this case it has seemed to have gone badly off track. One of the problems is how you amend an act to cope with a particular set of circumstances and still keep it flexible enough to be reasonable for other circumstances.

Mr. Pierce: In respect of the Neebing situation, and certainly the one in Alberton, something could have been done prior to the consultants' report. For example, had a land appraiser gone in and shown the actual values of land of the farmers surrounding the land to be drained, he would have found that the acreage was selling for about \$250 an acre and that any

attempt at drainage would have been excessive in comparison to the value of the lands.

Drainage would not have increased the value of the land one iota for the guy doing mixed farming or who had been there for some time as opposed to the person who wanted to develop the land for other purposes. Certainly, in this case, the land they were proposing to drain had muskeg on it six feet deep, and any amount of draining could not have done a lot of benefit to it without the removal of the six feet of muskeg.

Again, I go back to the fact that there are people on these farms who in some meagre way are able to get a living out of them and are able to survive. When something such as this comes along and they are assessed with a cost that is foreign to them for no apparent reason, then they get very upset. They feel that somewhere along the way they have just been left out of any regulations available to other people; with good reason, I think you will agree. You have correspondence on it as well as I do.

Hon. Mr. Riddell: In all fairness, the staff and I have been reviewing the Drainage Act, and it is quite right that several elected members have expressed concern about the drainage program. It appears that some want a complete review of the situation while others are advocating very little, if any, review, or just some minor changes in the program.

I have met with my staff. We have met with members of the drainage tribunal to try to ascertain the main concerns being brought to their attention. We feel that many of the problems can be alleviated by amending the regulations to clarify the procedures to be followed in such things as appeals to the drainage referee and requiring those who sign petitions for a new drainage project to indicate the nature and extent of the problem they are trying to solve.

We think we can bring about some needed changes by changing regulations, and I am still considering longer-term options for resolving conflicts that do arise from time to time in the drainage program. By and large, the drainage tribunal has been doing a pretty good job. It is my understanding that not one of the decisions reached by the tribunal has been challenged in the courts. I think you are aware that if you are not satisfied with a decision of a drainage tribunal you can pursue it in the courts. This has not been done and that tells me the tribunal is making some reasonable decisions on many matters which come to its attention.

16:10

Mr. Pierce: I can only emphasize the fact that in this situation, the request to have the drain and to have the study was by a very small group of people, in comparison to the ones opposed to it. It was really the minority leading the majority. When it comes time to pay, it is the majority paying for the minority. The people who are in a minority are saying, "How about some assistance in paying for this report that was of no value to us and was requested not by us but by another individual."

Hon. Mr. Riddell: After the request came in by these two people, council proceeded as any other council does under the Drainage Act. If council decided there was not a great deal of benefit to anybody from this drain, could they have headed it off at the pass? Could they have said, "We are not interested in pursuing it?"

Mr. Spencer: Yes; that is the point I was trying to make about the legislation. It is fairly flexible. Council could have decided initially there was no merit to this petition, had they felt confident they could support that case if they were challenged. They always have to recognize, as all councils do, that they may well be challenged. However, based on the circumstances you describe, one would have thought they could have felt confident they could handle any challenge. Then they could have simply said right up front, "We do not accept this petition," and the ball would be back in the court of the two individuals who would have had to appeal, if they wanted to.

The other option they could have taken is to have said: "We will accept the petition but we are concerned that this is not a very cost-beneficial project. We do not see the merit of it so we will call for a preliminary report." This then goes into a very low-cost report, a very quick look at the costs of it. Depending upon which consultants are handling it and which municipality they are working for, those preliminary reports can be handled for \$1,000 up to \$10,000, depending upon who is involved. In theory, it could have been handled cheaper.

Also, to be fair to the council, they may well not have been aware of these alternatives. We do our best to make all councils aware and to tell them that if they have any questions they can come to us. We run courses and we have brochures and so on, but they may not have been aware of those options. Clearly, they did not take them.

Mr. Pierce: I believe, in the first instance when the council hired the first consultant who was an Ontario land surveyor, it was their

intention to do a preliminary report. However, he made such a shambles out of the whole thing they finally fired him and did not pay him. He did not get any money for it. At that point they decided they had had enough of this—it says he resigned but I know he was fired—and they appointed another engineer who, of course, went in and did an engineering study.

Hon. Mr. Riddell: There are incidents where the drainage tribunal will stop a project. If what Jack says is indeed right, that these two farmers were trying to drain muskeg, would the tribunal not have seen that the project did not merit that kind of expense?

Mr. Pierce: There was no project. All the drainage tribunal ruled on was that there would be no project. In fact, it did step in to stop the project, but it assessed the costs of the engineering study to the municipality. That is the cost the municipality was left to bear.

Mr. Spencer: Yes. The tribunal also sometimes runs into situations where the main purpose of the drainage is for road improvements and for development purposes. As I indicated earlier, nothing restricts the use of the Drainage Act to drainage of agricultural lands. In other words, a municipality can use the Drainage Act, if it so chooses, to drain lands for whatever purpose: industrial, residential or any other use. There are of course no grants if there is no agricultural land.

Sometimes the tribunal comes in and sees what appears to be a municipality that has started on a course to improve its road drainage and to do something for some of the municipally owned properties. As a consequence, some land that may be developed and a few farms may also be involved. The tribunal is not in a position at that point to say, "Because it does not pay to do this thing for agricultural purposes, we cannot proceed." I am not sure, although I could be corrected on this, that it has ever ordered someone to do a cost-benefit study, but it may be the tribunal could even order that, depending upon where the process is at the time it is drawn in.

Had the council refused to accept the petition and the petitioners appealed to the tribunal in the very first instance, that would have been the point at which the tribunal might have been able to give a lot of direction. One of the big problems often is that the appeals to the tribunal arrive, as in this case, after you have a very expensive report that to most people makes no sense.

Mr. Pierce: Is there a way or a mechanism within the act that requires the person or persons asking for the drainage ditch or requesting the

study to pay for a portion of the study if it is deemed that the drain or the ditch would not be beneficial to the abutting land owners as well as to themselves?

Would it somehow eliminate individuals from making the request to municipal councils? Now it is based more on peer pressure on a council. A person is very strong and forceful and presents himself to council and hammers on the desk and says, "Either you guys do this or else," and the council says: "What the heck. We do not have a lot of choice. We cannot tell the guy it is not beneficial, so we will go ahead with it." What would happen if he were required to pay the cost of that study if the tribunal rules it is not beneficial to the municipality?

Mr. Spencer: In fact, there is a provision very much like that. The circumstances of getting there are somewhat different. This is one of the things the minister spoke about in terms of the petition form. We often hear from petitioners after the fact. They signed the form to be a good neighbour or they did not know what they were doing or they did not think it had much significance. Hindsight is very good.

Mr. Hayes: They did not know the engineer was that expensive.

Mr. Spencer: Right.

Mr. Pierce: Or they thought he might be a relative or something.

Mr. Spencer: One of the proposals that has been discussed is the possibility of making sure the form the individual signs when he signs the petition and the information he has to provide force him to acquaint himself with a number of his obligations. One of his obligations when he signs a petition is that if the petition fails and there are costs, he has to pay his share of them, so that very provision you are talking about is in the act. You have to realize that in this case it was the judgement of the tribunal to change that.

16:20

Mr. Pierce: That is my next question. Could the tribunal in its decision direct both parties to share in the costs if the tribunal so desired?

Mr. Spencer: Yes, and it chose to assign it all to the municipality.

Mr. Pierce: Even though the report was close to being fraudulent, in the words of the chairman of the tribunal?

Mr. Spencer: As I say, there is another forum to deal with that.

Mr. Pierce: That does not augur very well for the resident sitting there who is going to be

subject to picking up the cost. Councils are responsible, and I do not want to conclude that any council is not responsible for its actions, but in this case the council accepted the responsibility of picking up the cost and passed it on to the taxpayer. There have been requests to the municipality to appeal the tribunal's report, and the municipality has said it has had enough. They have weathered this thing as far as they can go. What right to an appeal do the residents have?

Mr. Spencer: Council has to act on their behalf. If council has acted on their behalf, as council has all the way through, or not acted, I believe in this instance it would have to be council that appealed it. As you say, they have chosen not to.

Mr. Pierce: I should be corrected here. I am sorry. Just so I can correct the record, they did have another appeal that was scheduled to take place on May 30, 1986.

Mr. Spencer: Yes, and that actually did occur. That was not relative to the payment of the account or the validity of the engineers' account. That was the petitioners coming right back in and filing a new petition. The council said this time, "We will not accept it," and the appeal was over, whether or not it should have been accepted. The tribunal came in and agreed with the council. They said it should not have, that it did the right thing.

Mr. Pierce: Had they accepted the recommendation of the consultant in the second instance—not the first one that was let go—the value of the land would have been put at \$19,000 an acre, based on the cost of the drain, while land in the area is selling for \$250 an acre. It is fair to say, therefore, that project did not represent the true value of the land. It is easy to understand why the tribunal would rule against any ditch recommended by the consultants. Do those figures not jibe?

Mr. Johnston: I do not know.

Mr. Spencer: I expect they do. The project was, I believe, \$100,000.

Mr. Pierce: It was \$125,000. They use round figures. This was in reference to a letter I have from one of the complainants. He said he could think of a heck of a lot better place to put \$125,000 than in a bog.

Mr. Spencer: As I recall, the thing that is a little difficult to understand is that this started out with a \$5,000 first report, went to a \$27,000 second report and then suddenly skyrocketed to \$120,000. The transition from a \$27,000 report, which might have been feasible depending upon

how much credit or value you give to the road drainage and some of the other things, to the \$120,000 report is one of the big question marks in this. It resulted when one consultant resigned, as you said, and a new one was engaged. Again, it is a question in terms of how the new consultant came to that conclusion and made that kind of recommendation when the predecessors were talking about a totally different scale of project.

Mr. G. I. Miller: Has the tribunal looked at this case and made any recommendations on it?

Mr. Pierce: It ruled on the cost of the engineer, and the cost of the engineering study was to be paid completely by the municipality. In this case, the engineer's report was \$18,000.37.

Mr. G. I. Miller: Was the township benefiting by that amount from the road ditching?

Mr. Pierce: The only thing the town benefited from was that it knew the drainage ditch would not be cost-beneficial to the land.

Mr. G. I. Miller: Was that true for the roads department? Was that the other side of the coin?

Mr. Pierce: No.

Mr. G. I. Miller: Are you aware of the situation there?

Mr. Pierce: Yes.

Mr. G. I. Miller: Nobody benefits to that extent from the project.

Mr. Pierce: Benefits to the extent of \$18,000?

Mr. G. I. Miller: You said the total cost was \$125,000.

Mr. Pierce: The cost of the project would have been \$125,000 at the last estimate, had it been approved. The drainage tribunal ruled against the project but assessed the cost of the engineer to the municipality. In its report, it said the engineer's report was next to being fraudulent, yet it still assessed the cost to the municipality. That is the information that I have.

Hon. Mr. Riddell: For my own interest, what options did the tribunal have in that case? Could it have assessed half the cost to the municipality and half the cost to the two land owners? Could it have said, "Because we feel the engineer's report borders on being fraudulent, we do not think the engineer should be paid at all"?

Mr. Spencer: I do not believe it has ever ruled on the technical validity or appropriateness of an engineer's report. When it has had an appeal on an account, it has looked at that and tried to determine whether the invoices a firm sent, which are based on the time of the people who worked on the project, are valid. I believe there have been some instances where it has reduced

the engineer's fees by a certain amount or to a straight flat-rate figure.

Part of the difficulty in this case is that the issue in front of the tribunal at the time was not the validity or the appropriateness of the engineer's report. That appeal is available, but no one chose to launch it, including the council. When the issue was not put in front of the tribunal, it could not deal with it. In terms of deciding where it directs the costs will be paid, it has wide discretion and could have assessed all the costs to the petitioners. That would have been one extreme. To assess all the costs to the municipalities is the other extreme, and there are a number of possibilities in between. One has to read the decision of the tribunal and perhaps even make some interpretation of it. The end point was that it was assessed to the municipality.

Mr. Chairman: Mr. Hayes had a supplementary.

Mr. Hayes: It was not a supplementary. Maybe Jack can get together with these fellows at a later date. It is going to take a long time to solve these problems.

Mr. Pierce: It has been going on since 1977. There is no use rushing through it today. The point has been made that there is a problem out there. An application by one or two people in any given area, with enough pressure, can require a municipal council to do exactly what it did in Alberton; that is, require an engineer to do a study on whether there is validation for the petitioners to have a drain. Then, if the municipal council determines the drain is not necessary following the engineer's report, the petitioners can appeal and have the Ontario Drainage Tribunal come in and judge the case on the merits of the submissions by the petitioners and the engineer's report and make a decision on whether there will be a drainage project started.

In the meantime, the victims are the other people in the municipality who are left to pick up the cost at the request of two petitioners. I do not know whether it even requires two. You say it requires two. In this case, there were four petitioners acting on behalf of two properties.

16:30

Hon. Mr. Riddell: Unfortunately, the drainage tribunal was not called in early enough, as I understand the problem. I do not know what we as a ministry do about that. We must recognize the autonomy of the local municipality to do what it sees best under the Drainage Act. It was indicated that the drainage tribunal was not called in until the last moment; otherwise, this thing

might have been resolved with very little expenditure of money.

Mr. Pierce: I do not know whether the municipality can call in the drainage tribunal prior to doing any engineering. That would happen if the municipality refused to accept the petitioners' application.

Mr. Spencer: That is the way they would have to do it. Hindsight is great. We can see lots of places where, had somebody done something differently, we would have had a different result.

Mr. Pierce: The baby would not have been born.

Hon. Mr. Riddell: If I am a land owner who is going to be assessed some of the costs—I may be way upstream someplace—and I can see the ridiculousness of draining muskeg, can I not appeal?

Mr. Spencer: Yes. In fact, that did happen in the early stages. There have been at least three reports and three tribunal hearings in this case.

Mr. Pierce: The petitioners keep coming back.

Mr. Spencer: The petitioners keep coming back. What constitutes a valid petition is defined in the act and evidently, in this circumstance, the two of them do constitute a valid petition. There has been no contest. That has never been contested.

Hon. Mr. Riddell: We will take it under consideration in our review of the Drainage Act.

Mr. Pierce: I do not say you should direct the tribunal on how to judge who should be picking up the cost, but there has to be something in the act to provide that if an individual is going to petition and it is determined there is no benefit at the conclusion of whatever studies are done, the petitioner may be required to pick up part of the cost without that being the decision of the tribunal. As you say, no matter where you live, if the guy below you decides he wants to drain, makes that application and can put enough pressure on a council to make it go to the extent of having the engineering study done, you as a taxpayer are going to pay. That is all there is to it.

Mr. G. I. Miller: Can I make one suggestion? Can we use this as an example of what went wrong? There is going to be some review of the Drainage Act. This can be thrown into the mill to see what improvements can be made in the Drainage Act.

Mr. Pierce: Apparently, there is another situation, almost the same, that developed in Portland township, involving what is called the

Pleasant Valley drain. You may be more aware of that than I am, but they referenced that one. These people have been around and have made some inquiries.

Mr. Spencer: It is interesting that the Portland drain, much like the one in Alberton, was resolved locally, basically outside the Drainage Act. No, I guess Portland did use the Drainage Act.

Mr. Pierce: He goes on to say the ratepayers even had demonstrations in this case. Perhaps there are different ways to resolve things.

Mr. Spencer: I do not think the demonstrations affected the end result, because they still had to go through the same appeals. It was a way of expressing their concern.

Mr. Pierce: To re-emphasize, it is just that there are some problems out there that should be addressed.

Hon. Mr. Riddell: I was told that one of the problems up in your part of the country is that there is not enough competition because there are not enough engineers up there. Is that right?

Mr. Pierce: I do not know who would have told you. I do not want to get into the news, but I can tell you the engineer who did the one in Portland township is in your district right now. Thank you very much for the information. Anything you can get me on this issue, I would appreciate.

Mr. Hayes: I think the minister made a very good point. It is sometimes a problem when an engineer is paid and just automatically comes in and draws up a report. There does not seem to be any recourse for the ratepayers to get back at the engineer for a report that might be ridiculous or just elaborate and unfeasible. That is really a problem.

I would like to mention—I think I have mentioned this before—sometimes we have an engineer's report where we are just talking about cleaning a drain out. I have seen many cases where it is not necessary to have an engineer. The problem is that for farmers to get their grant, it is a condition that it has to come under an engineer's report. I know there are many municipalities where there is a drainage inspector who can handle a simple drain problem or cleaning out of a drain. That is an area I would like the ministry to look at. You are forcing people to spend more money than they have to, sometimes, to get a grant. That is a real problem.

I know there are cases where the job might involve \$10,000 to clean out a drain and the municipality knows what has to be done, yet it is

forced to call in an engineer, which automatically escalates the cost of the drain. That is something I would like the ministry to look at when reviewing the Drainage Act. In southwestern Ontario, as many people know, land is very flat and exceptionally hard to drain in some areas.

I refer the minister to a letter I have from George Vanderbeke of Cottam—I am sure the minister has a copy of it—in which he makes comments about the low commodity price, for example, and the strain that puts on farmers today. We could look at going from a one-third grant to a two-thirds grant across the province. If we want to help out with some direct assistance to farmers, that is one area we should be looking at.

The other item is that I think the municipality should be able to do more. At present I think one is allowed to do about \$7,500 worth of work on a drain without an engineer's report. I forget exactly what it is.

Hon. Mr. Riddell: Do you have a comment on that, Vern?

Mr. Spencer: I will not comment on the figure at the moment.

On the first point, about recourse on the engineer's report, you are quite right in a sense. Unless council acts on their behalf and pursues the validity of the report through the Association of Professional Engineers of Ontario, or pursues its cost through an appeal to the tribunal, the ratepayers themselves have no direct recourse. They have to rely on their council to do that.

16:40

Most councils do not hire the guy for the next project. I recognize that this does absolutely nothing for the people who are caught on that particular project, but councils often see that if they were to appeal, it would almost look as if they had made a mistake in engaging the guy in the first place. They make sure they do not make that mistake again; they do not rehire him. However, it is quite true they do not, on very many occasions, follow through on either of those appeals, either through the association or through the tribunal, on the amount. We could count on the fingers of one hand the number of cases that have gone that way. If it is a problem, the provision is in the act so that the option is there.

We have been talking about engineering firms, and we do know there are two or three engineering firms that are no longer in this business as a result of the last five or six years of controversy, so that in some respects it is a self-healing process. It may be a hard way to get there.

Getting into the question of requiring an engineer's report to get the grant, we have to define "repair," "maintenance" and "improvement." We have a program whereby, if you have an approved drainage superintendent, you can do repair or maintenance under the guidance of the superintendent and you are eligible for a grant, provided you have prior approval.

That program is only five or six years old, and in some areas of the province they are still not using it. They have not put a superintendent in place. They are therefore not following through on it and not getting the grant based on the superintendent as opposed to the engineer.

The difficulty we run into is with the so-called improvement of a project. The philosophy of the act is that the ratepayers decide or accept a particular set of specifications with a particular cost and a particular cost distribution.

It is fine to repair or maintain that because that is what they accepted and they accepted the cost distribution associated with it. As soon as you make an improvement, it is fine if you do an improvement uniformly all over the project, but normally you do an improvement in a particular area. That means there are additional costs associated with the improvement and perhaps there should be a different assessment because there would be different people benefiting, or benefiting by a different amount, now that you have this improvement.

The philosophy of the act has always been that once you get into an improvement, then you require an engineer's report because, first of all, he has to set the specifications for that improvement and second, he has to look at the assessments and see whether they are reasonable, taking into account that improvement.

One of the difficulties that arise is when you want to do 85 per cent maintenance and a couple of improvements, simply because the last specification was done 15 years ago and today's standards, or certain standards, are a little better, and everybody up and down the road seems to know that those are better standards and more logical projects. However, the way the legislation sits at the moment, you cannot do that.

I am sure a number of members are aware that there have been resolutions circulated to that effect, that we should come up with some criteria that define how much improvement you can do without an engineer's report.

To be perfectly honest, we have wrestled with it long and hard and really felt it would be virtually impossible to specify or contain satisfactorily the amount of improvement, because

there are so many possibilities. We are essentially staying with the view that if you are doing improvements, you need an engineer's report. That is the reason.

Hon. Mr. Riddell: What about a drainage cleanup? Let us forget about improvement. The question was, surely you do not need an engineer if all you are going to do is clean out a drain, which I have to do across my place about every three years because of the nature of the soil.

Mr. Spencer: Yes, and as I say, we have the maintenance provisions of the act in place, which say that if you have an approved drainage superintendent and you have your budget pre-approved—in other words, you plan your year's maintenance and get pre-approval from the ministry—then you get grants on that work.

It is a one-third grant on the work and a 50 per cent grant on the salary of the superintendent. Of our budget, about \$2 million to \$2.5 million of the funds go to maintenance projects. That leaves \$5.5 million for new projects.

In the past five years we have redirected almost a third of the funds to this routine maintenance activity as opposed to by engineer's report only. That has increased consistently every year. There are more municipalities engaging qualified superintendents, putting a program of maintenance into place, getting prior approval and getting the grant from the ministry.

Mr. Villeneuve: How would you proceed in cleaning out sediment catch basins? Let us assume the municipality does not have a drainage superintendent.

Hon. Mr. Riddell: Have we got you stuck?

Mr. Spencer: We need a kick-start there.

Many farmers do it themselves, but cleaning sediment out of catch basins is the responsibility of the municipality. If the farmer were to say, "The catch basin on my property is full and needs to be cleaned out," the municipality would have to engage someone to do it. The fact of the matter is that most farmers clean them out themselves.

My experience is that they understand what the catch basin is there for, and they also understand that if it fills up and starts filling the tile, that is bad. So, rather than call the municipality and have it come in, clean it out and charge it back to them, back to the drain users, which is what would happen, they will clean it out themselves.

If there are a handful of land owners who are nonresident, or who will not clean their catch basins out for some reason when they get filled, the municipality has the obligation to come in

and clean them out, and that is charged back against the drain users.

Mr. Villeneuve: Where we find we have problems here is that the field may be newly seeded, and whatever sediment is taken out has to be hauled away. The farmer may think there is a handy spot in his yard to have this stuff hauled to, but he wants the municipality to pay for it.

Mr. Spencer: Yes, although that is not really the way it works. Whether he knows it or not, it is being charged back to the drain users, and he and all his fellow ratepayers are paying.

Interjection: Everybody pays.

Mr. Spencer: Not all the ratepayers, but all the people assessed on that drain.

Mr. Villeneuve: It is over the entire drain and not only those people above the sediment catch basins.

Mr. Spencer: It is upstream; you are right. However, one has to recognize that there is a certain amount of judgement in terms of determining how many segments to break the drain into so that you can charge the costs upstream. If you are doing work from end to end, sometimes they will take fairly large segments and charge those upstream. If they are just doing work at one spot, then it is clear who is upstream. The assessment is upstream on the basis of the last amendment to the act.

16:50

Mr. Johnston: Unless it is otherwise specified in the report.

Mr. Spencer: Yes, unless it is otherwise specified in the report. If the report had some other means of assessing, specifying it had been adopted and accepted by the community, then the assessment could be done differently.

Mr. Villeneuve: Where this has not been specified, the upstream guys will say: "It is a catch basin. We were not there. The entire thing would have to be cleaned out and, therefore, everyone should pay."

Mr. Spencer: Yes. That provision came in at the last amendment. Like most changes, it was not universally accepted.

Mr. Hayes: Mr. Spencer, you mentioned the municipalities setting up, for example, their budget for maintenance. However, in many municipalities, someone might come in where there is an existing drain and give the council a letter saying that the drain is out of repair and they will hold the council responsible if they do not take action on this issue. A lot of times, sometimes through a lack of knowledge of the

Drainage Act, council thinks it automatically has to get an engineer. That letter is not really a threat, but it sometimes appears that way: "We will hold you responsible."

They go ahead and call in an engineer. This is where we run into the problem. The minister has one drain in his area that has to be frequently cleaned out. There are a lot of cases where you do not have to have an engineer to do it. You already have the capability there. These are the times when municipalities should not have to hire an engineer to do a complete report when it is a simple thing like cleaning out the bottom of the drain. They should also be able to get their grant for the work on that drain:

I do not know whether you want to address this, Mr. Spencer, or the minister, but a question was asked in regard to changing one-third grants to two-thirds grants.

Hon. Mr. Riddell: It was two thirds at one time, by virtue of the fact that a lot of drainage work had been done in southwestern Ontario in comparison to eastern and northern Ontario. To provide an incentive to get more drainage work done in those parts of the province. They left it at two thirds. It is two thirds in northern Ontario; I do not think it is two thirds now in eastern Ontario, is it?

Mr. Spencer: To clarify that, the extra one third has normally come from some special program, whether it was an agricultural and rural development agreement program, whether it was an eastern Ontario subsidiary agreement program or some special program put in place to accomplish certain things. The act actually specifies a one-third grant in southern Ontario. It is two thirds in northern districts, and 80 per cent in unorganized areas.

In effect, the base grant specified in the act is one third. That has been augmented over the years as we have had different types of federal-provincial agreements. ARDA provided a two-thirds grant for a number of years in eastern Ontario and for about a two-year period in the rest of Ontario, and the EOSA agreement provided a two-thirds grant in eastern Ontario up until two years ago or thereabouts, when it expired.

I have a philosophical problem with the two-thirds grant in that the Drainage Act has been written and developed and refined over the years on the basis of a one-third grant. All of the checks and balances in the act, with respect to the matter of cost-benefit and when and where you appeal and how much it costs you to appeal, and all those decisions, are based on the one-third grant.

The moment you change that one third to some other figure, you throw out all of the balances that are in the act. In fact, each time we have had a program of additional assistance, we have always had to put in some additional criteria and an additional approval process to ensure that we did not have projects proposed that were not going to cost people anything, so they just went ahead and did them because they were getting a two-thirds grant and allowances and so forth.

I have some difficulty with the two-thirds grant in the present legislation, simply because it disturbs all of the balances involved in the decision-making process. If we were to change the grant, we would either have to amend the legislation or devise an additional or top-up type of program. As a staff recommendation, because of the cost-benefit aspects of it, we would be opposed to it.

Hon. Mr. Riddell: I am sure the chairman would like to say he does not agree with your philosophical views, since he represents northern Ontario and is quite happy with the two-thirds grant.

Mr. Chairman: Yes, keep your rotten hands out of northern Ontario.

Mr. Hayes: I think northern Ontario should keep its two thirds, and southern and eastern Ontario should get the same.

Mr. Chairman: Thank you, Mr. Hayes.

Mr. Hayes: I really cannot understand your rationale, because I do not know where you have to make so many different changes to say you will give a farmer one-third more grant.

Mr. Pierce: When they take it away, you lose something.

Mr. Hayes: I do not really see your reasoning.

Mr. Spencer: I guess it comes back to that part of the issue we discussed earlier, in terms of the obligations of an individual when he signs a petition. When an individual signs a petition, he should know that he may have to pay his share of all of the costs to date, if the project is stopped.

If the project proceeds, he will have to pay two thirds of its cost. When the man signs his name on the line, or when he decides whether or not he will sign his name on the line, it is based on the fact that he will have to pay two thirds of the cost somewhere down the line, if it goes ahead. He is going to have to pay all of the costs if it does not go ahead.

When you change that, and he must pay one third of the cost somewhere down the line—and I believe you are all aware that there are allowances for damages, land taken, and things like

that—the actual cost to an individual in some circumstances can become fairly low, such as out-of-pocket costs. Obviously, he did not donate the land, the land was taken, and he was paid for it, or he got damages—those were real costs—but they were not out-of-pocket costs in the same sense as the cheque he has to write to the municipality.

When you change all those relationships by having a two-thirds grant instead of a one-third grant, then it affects the kinds of projects that you get people petitioning for, those kinds of projects and the more marginal projects get signed for. If we are concerned about marginal projects being promoted, one of our best controls is a relatively low grant rate. I personally am not in favour of increasing the grant rate because it will encourage more marginal projects. I am talking very personally here, but I do not think we should be encouraging marginal projects.

Hon. Mr. Riddell: It would encourage more projects. There is a school of thought that in some areas of the province we have overdrained and we are now running into problems. If we made it a two-thirds grant, and if I was living in southwestern Ontario, the chances are I would be starting to put tile between tile. I am not sure this is going to be cost-beneficial.

17:00

Mr. Hayes: One of the reasons I bring this up is the financial strain now on the farmer. I am talking about helping the farmer out today. If eventually the farmer gets a decent price for his commodity and the market picks up, you can look at it the other way. There is no farmer today that I know of who is going to out and spend money on a drain when the drain is not necessary. He is going to be pinching his pennies right now. I do not think the amount of the grant he gets is going to decide whether he goes with the project. He wants that drain because it is necessary.

We are talking about municipal drains, for example. If someone other than a farmer decides to clean or to put in a new drain—as happened in Jack Pierce's area—and the farmer gets stuck with the cost, that is another burden on the farmer. That is why I am suggesting we give them the two-thirds grant. They are stuck with projects they do not initiate.

Mr. Chairman: Mr. Miller, you have a supplementary?

Mr. G. I. Miller: Yes. There are some parts of Ontario that do not require tile as such, but they do require drainage to make the land workable. I can think of one in Haldimand

county. They cannot qualify for a grant to assist in cleaning out main drains, because it is not a municipal drain. It would improve the land and encourage them to improve the drainage if the grant was available to them on a one-third or two-thirds basis, the same as it is for a municipal drain. It would improve the workability of the land, but I do not believe it fits. Would you mind commenting on that? Have you had many requests, or is that a concern as far as the drainage program goes?

Mr. Spencer: For 10 or 12 years in the province, we had a capital grants program that provided a 40 per cent grant on those privately constructed projects. That program was concluded in 1979. I do not believe we have had any grant available for private projects since that time. That is the history of the situation.

The only other thing I can say is that you can install what are known as mutual agreement drains under the Drainage Act and get them registered. Because you do not have to have engineering done on them and for a number of other reasons, we do not make grants available for them.

Mr. G. I. Miller: From your experience, would that be one change that might be recommended, if they took another look at the overall line?

Mr. Spencer: It is an issue that is raised from time to time. I would not say there was a ground swell, but from time to time, from certain parts of the province, there are requests—just as there is for this increase to two thirds—to have a grant available on privately constructed drains. It is a matter for consideration when we are looking at the whole program.

Mr. Chairman: Thank you, Mr. Miller. This is an appropriate time to break. Four other members wanted to speak on this land drainage question. Mr. Spencer, Mr. Johnston, do you wish to come back tomorrow afternoon and have a go? The members would appreciate that.

Mr. Villeneuve: I would appreciate that. I want to talk about working paper 40.

Mr. Chairman: Mr. McCague, can you make a point?

Mr. McCague: It is just a short question. The form prescribed here for petition for drainage could be expanded a lot to stop people from getting trapped on an application.

Hon. Mr. Riddell: We are considering that. Interestingly, we had a meeting just the other day with some of the members of the tribunal and this was a point that came up. It makes a lot of of

common sense to me. We think we can make changes to that form so that each person who signs his name will know exactly what he is coming up against—perhaps not exactly, but he will have some idea of what he might expect.

Mr. Chairman: Before we adjourn, there are people concerned about the schedule of the committee. I will send around a note. When we have finished the Ministry of Agriculture and Food estimates, the Ministry of Energy estimates are scheduled next. If the committee agrees, we could proceed with Energy estimates following Agriculture and Food—they obviously need to know—then Bill 115, which has to do with the distribution of lottery tickets. That has been referred to the committee in order to have a few groups appear before it. I do not think it is a major undertaking.

If the committee agreed to that, it could be our first order of business when we come back on January 12, which it seems we are going to do. Then we can proceed with the rest of the estimates. During the break—assuming there is one, and I think there will be—we would deal with the Workers' Compensation Board. That is going to take a block of time. If there are no objections by members of the committee, we will proceed that way.

Mr. Pierce: Do you feel that we are going to get through Agriculture and Food and Energy before Christmas?

Mr. Chairman: Yes, we have to finish by next week. If we do not end early too often, we can, yes.

Mr. Pierce: Not to end early is going to be tough to do between now and Christmas.

Mr. Chairman: Yes, it is a good point. We are going to come very close anyway. Unless there are objections, I will send a note around with our tentative schedule.

Mr. Pierce: In fairness to Bill 115, there are groups out there that are busy in the halls petitioning members. I do not know how many groups there are.

Mr. Chairman: Yes. The clerk wrote a letter to the critics of the parties asking for some feedback from them because we do not know how much time they are going to take. If it was a major undertaking such as our rent review bill was, then we would do it in a different way, but I think it is not going to be that kind of undertaking. All right? We will go ahead with that. We stand adjourned until tomorrow afternoon when, one hopes, the land drainage people will be back with us again.

The committee adjourned at 5:08 p.m.

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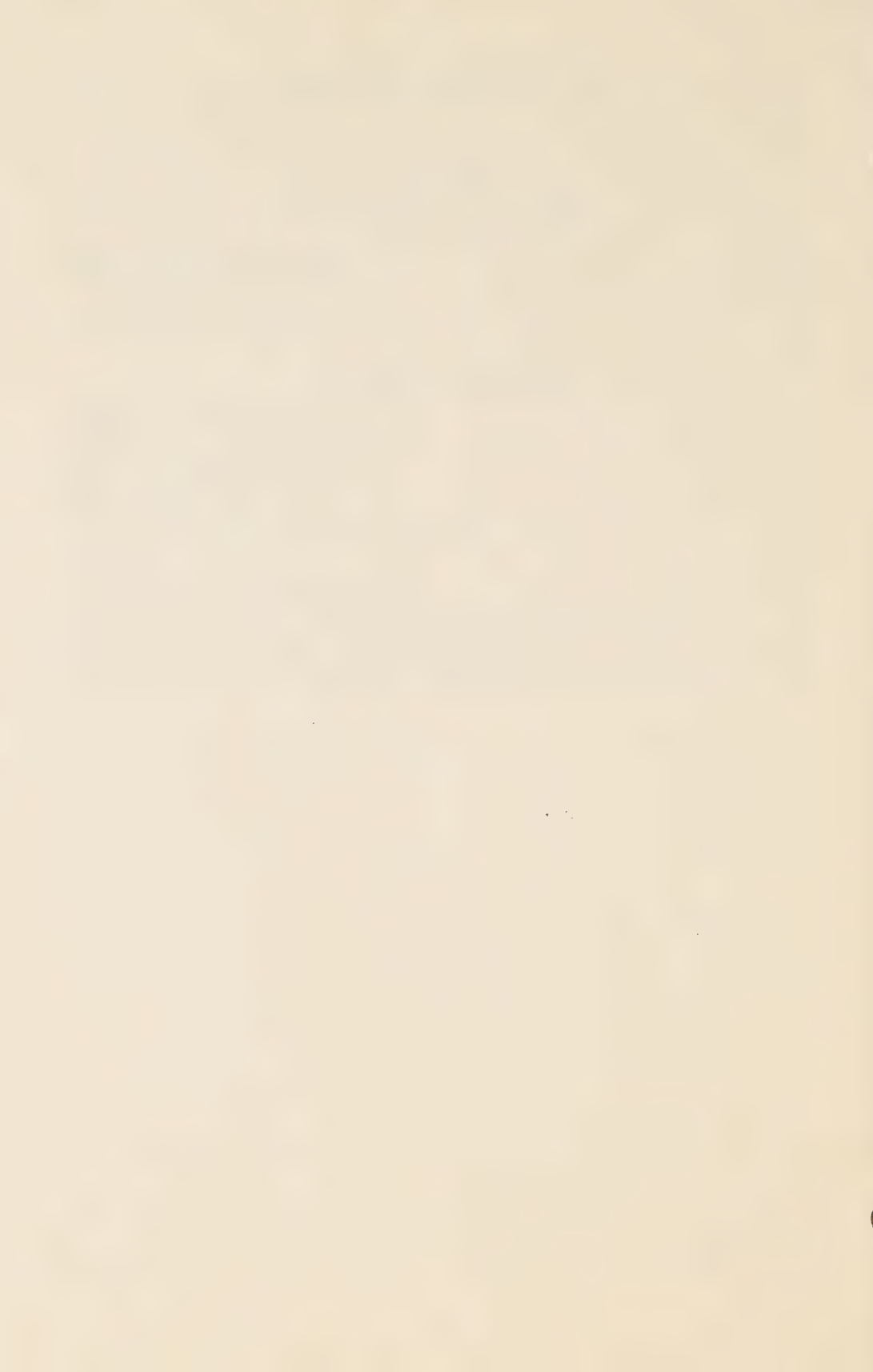
SPEAKERS IN THIS ISSUE

- Hayes, P. (Essex North NDP)
- Laughren, F., Chairman (Nickel Belt NDP)
- McCague, G. R. (Dufferin-Simcoe PC)
- Miller, G. I. (Haldimand-Norfolk L)
- Pierce, F. J. (Rainy River PC)
- Stevenson, K. R. (Durham-York PC)
- Villeneuve, N. (Stormont, Dundas and Glengarry PC)

Witnesses:

From the Ministry of Agriculture and Food:

- Riddell, Hon. J. K., Minister of Agriculture and Food (Huron-Middlesex L)
- Rennie, Dr. J. C., Assistant Deputy Minister, Technology and Field Services
- Spencer, V. I. D., Director, Soil and Water Management Branch
- Johnston, J. R., Drainage and Water Management, Soil and Water Management Branch



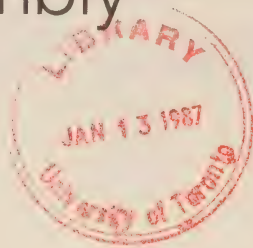


No. R-13

Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament
Thursday, December 4, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 4, 1986

The committee met at 3:35 p.m. in room 151.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1601, main administration program; item 1, main office:

Mr. Chairman: When we adjourned yesterday afternoon, we were still dealing with questions concerning land drainage, and Mr. Spencer and Mr. Johnston were here. If we can continue in that vein, I am sure the members will appreciate it.

Hon. Mr. Riddell: Mr. Spencer would like a minute to clarify something he was responding to in one of the questions yesterday, and then we are ready for more questions.

Mr. Spencer: When I was replying to Mr. Pierce yesterday, there was a reference to the Pleasant Valley drain in Portland township. I implied at that time that this had been resolved outside of the Drainage Act. I want to clarify for the record that Portland township and its ratepayers actually did resolve their problem within the terms and conditions of the Drainage Act and constructed the Pleasant Valley drain under the Act.

Mr. Chairman: I believe Mr. Villeneuve had a question. Did you get your question answered yesterday?

Mr. Villeneuve: No. I had a supplementary to one of Mr. Hayes's questions. There was a rather controversial paper that came out last year, I believe last July, called working paper 40. You people, I presume, are aware of this working paper. I was led to believe there was some information or some conclusions that were drawn that were not based on actual costs for some of the drains such as the Payne drain, and I will be coming forth a little later with questions on that. Possibly you could clarify some of that. Has the ministry responded to working paper 40, and what is the ministry's stand or viewpoint on the paper?

Hon. Mr. Riddell: Before Mr. Spencer responds with some of the detail that was in that Environment Canada report, I will tell you that I did send a letter to Ottawa worded very strongly, pointing out the inaccuracies that were contained

within that report and suggesting that maybe we should have a meeting to try to rectify some of them. To the best of my knowledge Ottawa has not got back to us with a date for such a meeting. I do not know whether they intend to or not. As far as we are concerned, the report was fraught with inaccuracies, and we were annoyed when we read the report. With that, I will turn it over to Mr. Spencer.

Mr. Spencer: There was the minister's letter and then we followed with letters at the staff level. We followed that up with an all-day meeting where myself and three of our staff went to Ottawa and met with about six of their staff. We debated through a number of the issues. There were six or seven fairly major issues and another 10 or 12 which one might call more minor issues.

When we completed our meeting, we felt we had explained our position and that they had explained their position. We do not believe there was a lot of movement on either their part or our own. They certainly indicated it was one of their working papers, and it was going to continue to be available as one of their working papers. They acknowledged there are different ways of interpreting things and they felt we were putting too much significance on the paper.

15:40

We have adopted the approach that we should try to continue liaison with these people and continue meetings and exchange of information with the hope that we can better put forward our views and understand their views, or what they are hoping to accomplish and devise other ways of accomplishing that. In that regard, there has been one subsequent meeting and there have been several pieces of correspondence. At one point we had hoped to have another meeting before Christmas. It now looks as though it will be in the new year.

We have not convinced them to change their views on too many of the points. We are continuing to work on it. We are at least starting to talk face to face rather than through the press, which is probably a good move. I am hopeful we can convince them of some of our views and perhaps we can gradually come closer together.

Mr. Villeneuve: The impression that was left with working paper 40 was that drainage, particularly in eastern Ontario, was literally money thrown down the drain and we were throwing good money after bad never to be recovered.

If you were simply to outline the errors, as the minister stated, and correct them—and I could bring you to a number of erroneous figures that were used as starting points—we could shoot that paper so full of holes that they would not be able to use it; and that is what should happen.

Mr. Spencer: We had given it some thought and we were concerned about what it was going to accomplish. I indicated we felt if it was possible for us to gain some of their confidence and start to work together rather than have this confrontation, we might accomplish more over the longer term. The confrontation was leading to, shall we say, continuing press. It was leading to a lot of almost Canada-wide publicity and was giving the paper much wider distribution and readership than it would have received otherwise.

That was the primary reason we changed tactics and said, "Rather than playing into their hands and giving them more publicity for the paper, let us see if we cannot try to work with them and get them to understand where we are coming from, get them to understand where we feel there are errors." That is why we stopped the confrontational approach.

Mr. Sheppard: When have you met with them face to face? You said you quit sending press releases or paperwork and you have met with them face to face. How long ago; or have you met more than once?

Mr. Spencer: We have met twice. Right offhand, it was midsummer.

Mr. J. Johnston: Early summer.

Mr. Spencer: Early summer and early fall would be the two times. As I say, we had planned to meet in December, but with meetings that come up each year that has been put off until January.

Mr. Sheppard: How long ago did the minister send his strong letter?

Hon. Mr. Riddell: Very shortly after the report came out. I cannot give you an actual date.

Mr. Sheppard: A ball-park figure.

Hon. Mr. Riddell: What was the date?

Mr. Spencer: It was September 19, 1985.

Hon. Mr. Riddell: That I sent the letter?

Mr. Spencer: Yes.

Mr. Villeneuve: Mine went out on August 15. I was not happy when I first saw that working paper and my constituents let me know. I am in full agreement with you that it took a great deal of credibility away from money that, in my opinion, was spent for very productive uses, particularly in the areas of eastern Ontario that needed drainage in the worst way. We could not tile until such time as our main outlets had been deepened, and this was effectively telling the public of Ontario and of Canada that these were all very poor investments. I had great difficulty with that.

Hon. Mr. Riddell: A more recent disturbing aspect was that in his last report the Provincial Auditor chose to comment on our drainage program, and his comments were based largely on the Environment Canada report.

I faced the auditor with that when I had a chance to meet him this past week when he was explaining his function and role to cabinet ministers. I said I was surprised that the auditor would make comments on ministry projects based on a report which we deemed to be most inaccurate. He admitted they based many of their comments on the report, but they said they also made an independent decision on the drainage project. However, I have a feeling the report was most influential in the auditor's comments, and it really disturbed me.

Mr. Villeneuve: There is only one thing left to do and that is to correct the record. If you want to send some of your staff down to eastern Ontario, we could very quickly correct the record. I believe it has to be done. If this is going to continue to perpetrate that type of image, something must be done.

Again, in the area of drainage, I am sure the Payne drain rings a bell with you people as it does with the minister, the deputy minister and yours truly. It is a drain that started some 10 years ago under the old eastern Ontario subsidiary agreement. By the way, it passes in the shadow of that nice new building in Avonmore, the Stormont county agriculture and food structure, and we talked about it when the minister was down at the official opening. Municipal representatives from Finch township met with him, I believe, during the Good Roads Association convention last year. People from Roxborough township also met with the deputy minister about that time.

We were led to believe that the doors were open for additional financial support. The drain is almost complete now. They are aiming for full completion before Christmas. It is in its very last dredging and spreading of the ground. Can we

hope to look for some funding on this particular drain, which turned out to be a problem from day one? It was oversized. It is costing considerably less than working paper 40 has pegged it at, one of the gross inaccuracies in working paper 40. Can we expect any type of financial assistance from the ministry?

Hon. Mr. Riddell: I might give a little history on this. The municipality applied for and received conditional approval for joint federal-provincial funding of this project under the eastern Ontario subsidiary agreement. The township did not meet the conditions of funding approval and was informed that the funding had been withdrawn. None the less, the township proceeded to press the project under the terms of the Drainage Act. They settled the appeals and have entered into a construction contract.

I understand the work is currently progressing well with an estimated completion cost within 10 per cent of the expected cost. The project is eligible for the normal provincial funding, but at present no additional funding is available. My ministry is exploring the possibility of joint federal-provincial funding, but no commitments have yet been made.

Mr. Villeneuve: Has there been an official request from the Ministry of Agriculture and Food?

Hon. Mr. Riddell: Yes.

Mr. Villeneuve: About how long ago?

15:50

Mr. J. Johnston: July 17.

Dr. Switzer: When did we get a response?

Mr. J. Johnston: Some time in October.

Dr. Switzer: You can help out on this, but my recollection is that the response we got back from the feds was basically, "Sorry, but we cannot help." That was from whom?

Mr. Spencer: Both from the Department of Agriculture and the Department of Regional Industrial Expansion. In both instances, the primary reason given was that the umbrella agreement between Canada and Ontario, and the subsidiary agreement, have both expired and there is no mechanism. I would like to think that was significant and they were not saying that because it was this kind of a project. They were simply saying there is no signed formal agreement so there is no mechanism, but it may only be bureaucratese for saying no; I am not sure.

Mr. Villeneuve: The project was initiated in 1976. There was very much an umbrella in EOSA then. I believe it ran out in about 1982. At

that stage of the game, this drain was going through the drainage tribunal process. It went to every possible place it could go prior to being dug. Would you consider that even under those conditions there would be no avenue at all?

Mr. Spencer: As I say, the federal funding comes from these very specific agreements, and when those very specific agreements expire there is no authority for the federal people to fund.

The point that remains and the point you are making is that the people are left with the project and this obligation that was started under the agreement. Whether federal departments can be further convinced to come up with a special agreement, I do not know. My view is that we are still pursuing that, and I believe the municipality is pursuing it, which is probably as important.

Mr. Villeneuve: The problem is that the ball seems to be bouncing from one group to another. I would be willing to sit down with you to try to find out whether there are any open avenues or doors. This project is now complete and we know what it is costing. It is costing considerably less than initially estimated.

In that same Payne drain, there were a number of water conservation or environmental structures. It is my opinion that these are not drainage items. They are very much for the benefit of all Ontarians or even all Canadians. Any time conservation items that are not part of the drainage project itself are included in any drain, the cost should be borne by a totally different financing agency, be it the Ministry of Natural Resources or the Ministry of the Environment. It should not be borne by the people who effectively are looking only to get the excess water off their lands.

I know you will be looking at the Drainage Act, and it is very important to have that specified in the Drainage Act. As we go on, we will see more and more of these conservation and construction items being part of so-called drainage projects when they are not at all related to drainage but related to conservation and environmental factors. Can I have your comments on that, please?

Mr. Spencer: The issue often becomes who is responsible for what you might call environmental factors or wildlife habitat types of controls. The general view that is taken within at least staff of government is that the project that is being proposed to be constructed must maintain the amenities and the wildlife values of conservation and the environmental values to the extent possible.

There has been considerable discussion about how some of these features should be funded. The view that has been taken by staff to this point is that those things that essentially maintain values that are there clearly should be the responsibility of the structure—in other words, the drain—and the people who are responsible for paying for the drain. If there are enhancements or improvements or features that go beyond maintaining the current values, there may well be a good argument for having some other segment of society pay those costs.

At this point, we do not have any agreement between the ministries involved. This has been a recommendation of another standing committee of the Legislature, and it is on an agenda between ourselves and the Ministry of the Environment for ongoing discussion. At this point, there are no firm proposals.

Mr. Villeneuve: I need only a couple more short answers; then I will give the floor to someone else.

Hon. Mr. Riddell: Should not the Ministry of Natural Resources be involved in those discussions?

Mr. Sheppard: I was going ask that question.

Mr. Spencer: We have had the Ministry of Natural Resources involved in the discussions, and I believe there was agreement between the Deputy Minister of the Environment and Dr. Switzer that when the staff committee got into this issue on the Drainage Act it would involve the Ministry of Natural Resources. I believe MNR will be drawn into those discussions when that item comes before of that group.

There has been an interim proposal, and it relates to some of the things we have already done, such as our special erosion control program under the Drainage Act, which is at least helping some of those issues in providing extra financing.

Mr. Sheppard: Who has the authority when the conservation authorities get involved with the individual farmer? To whom is the individual farmer supposed to go, the conservation authorities or the Ministry of Agriculture and Food?

We have had a problem in our area. Farmers phone me and I tell them to phone the conservation authority. They say they did that and were told it was the responsibility of Agriculture and Food. I am getting the impression the conservation authorities want more power all the time. What is your outlook on it? What is the solution?

Mr. Spencer: First, the mandate of conservation authorities is under review, just as many other things are under review. We have had agreement over the past three or four years that specifically in relation to erosion control, our ministry will be responsible for on-farm and in-municipal drain erosion control. Conservation authorities are essentially responsible for streams and on other resource lands. The key role of the Ministry of the Environment is monitoring and testing.

If the problem is really erosion control on farm land, it is quite clear they should be coming to us. Sometimes it gets into a grey area of whether it is water quality relating to something else, whether it relates to erosion or exactly what it relates to. Depending on which conservation authority you are dealing with, some of them are much more anxious and qualified to be involved than others. It is a little difficult to give you a firm answer. Generally speaking, we would like to think the farmers would come to us, and then if there are additional resources or assistance that can be provided by the conservation authority, we would help them pursue it.

Mr. Sheppard: Sometimes the conservation authorities think they should have more power than the Ministry of Agriculture and Food. I think it depends on co-operation when we get right down to the final pitch. You need good co-operation among the farmers, the conservation authority and the agriculture people who are involved with the ministry.

16:00

Mr. Spencer: Yes. There is one other point I should make. Under the Drainage Act, the conservation authorities are given specific powers. Normally, municipalities are quite familiar with what those are and they ensure the authorities stay within their mandate.

Hon. Mr. Riddell: More co-operation among ministries had its beginnings about 17 months ago.

Mr. Sheppard: I question that.

Mr. Villeneuve: This is not a political debate.

Mr. Chairman: It is funny you say that. I just commented to the minister that I wondered what happened to the good old days when ministers and critics yelled at one another.

Mr. Villeneuve: It is the critics who have become more civil now.

When you speak of erosion, how many people do you have on staff who are specifically oriented towards erosion in the field?

Mr. Spencer: We have 14 soil conservation advisers who work for us and who are specifically concerned with soil erosion problems. We also have what we call the equivalent of eight man-years, because in a couple of conservation authorities the person only works part-time on the task. There are eight man-years spread among conservation authorities around the province as well and they work with us in a joint team effort on soil conservation. We have agreements with 12 conservation authorities that specify or outline what they will provide and what we will provide. We have the leadership role.

Depending upon the conservation authority we are working with and the resources they have available, they commit greater or lesser amounts of resources. We have some staff located in conservation authority offices. In other words, they provide the offices, all the support staff and a lot of the communication type of support that is so valuable. In other instances, our staff are located in our ministry offices and an individual may spend three quarters of his time in our office.

Mr. Villeneuve: Of your 14 employees, can you give me a breakdown as to approximately how many you have in southwestern, south central, central and eastern Ontario?

Mr. Spencer: There is one in northern Ontario and one in eastern Ontario at Kemptville. About half of the remainder are between Lake Simcoe and just the area east of Toronto and the Grand River area. Approximately six of our staff are in that area and six are in the west-southwest.

Mr. Villeneuve: Where is the east in your perception?

Mr. Spencer: We tend to think of the 11 counties or the 14 counties. It is essentially that area.

Mr. Villeneuve: I understand your man in Kemptville looks after the area from Northumberland east?

Mr. Spencer: Yes.

Mr. Villeneuve: We do not have problems with erosion in the east?

Mr. Spencer: The assignment of people was based on two things. One was a report that identified the problem areas. Unfortunately, I do not have the report with me and I cannot think of the name of it. However, a report was done which identified the potential problems and the present problems to the extent they could be identified. The major problem was southwestern Ontario, on a soil basis and perhaps because of continuous cropping. That was one factor involved.

The other factor involved to some extent was the degree to which conservation authorities were able, anxious and concerned and wanted to co-operate with us. Most of that support was from the Lake Simcoe area, south and west. We have co-operation in the east and north, but we have no formal agreement.

Mr. Villeneuve: Are you speaking of the Ontario soil conservation and environmental protection assistance program with the Ministry of Natural Resources?

Mr. Spencer: Yes. The staff tends to get identified with OSCEPAP. In itself, OSCEPAP is a grant program. We are looking, with the staff, more at an educational demonstration/seminar staff meeting or a farmer meeting type of program. It is more an extension or educational program than a financial one. Mind you, our staff do much of the advisory work that is associated with OSCEPAP. Perhaps in eastern Ontario, where we have one individual, he spends a much higher percentage of his time servicing OSCEPAP applications and less time on educational thrust.

Mr. Villeneuve: I have had an official request from the South Nation River Conservation Authority to suggest to you people that we are very short-staffed in that area. It would be appreciated if you could assign at least three or four persons, particularly in the area of soil conservation and erosion control.

As you know, the South Nation River can get very furious at times, and at other times it is very meek and mild. There are fairly severe erosion problems in its basin. It might be money well spent. I will be making suggestions on that to the minister.

Hon. Mr. Riddell: We will take that under advisement. If we feel we are not adequately serving eastern Ontario, then—

Mr. Villeneuve: With 14 employees, one in the north, one in the east and 12 in other areas, we wonder.

Does the South Castor River drain ring a bell?

Mr. Spencer: Yes.

Mr. Villeneuve: It is a major problem. Can you possibly comment on what is happening right now?

Mr. Spencer: As I understand it, the situation is that the project is completed. The costs are all in. There was an overrun of \$1.2 million on it. Both the federal and provincial grants have been paid, and the amounts remaining have been assessed out to the land owners.

Mr. Villeneuve: That is when the water started to boil.

Mr. Spencer: The assessments for individuals are prorated. Because of the allowance and damage aspect, the actual out-of-pocket costs for individuals do not change uniformly. That is one of the things that is difficult for people to understand until they have the figures put in front of them. It also creates a sense, at least in the early stages, that perhaps there is something unsavoury going on. One individual will find his assessment increasing by 15 per cent and others are double, are up by 100 per cent. Those people may feel something untoward is going on.

The municipality has requested additional assistance. It has made that request at the staff level to us and to the Ministry of Municipal Affairs, as we are the two ministries that might have possibilities. Our position is that the municipality and all the ratepayers entered into the project knowing what the terms and conditions were. We have met every term and condition, and our ministry will not provide additional funds.

I understand—and this is only an understanding; I have not seen anything—we will be having further discussions with them with a view to determining how the government may assist.

16:10

Mr. Sheppard: Did I understand you to say that this was getting federal grants?

Mr. Spencer: This project was one of the projects under the federal-provincial eastern Ontario subsidiary agreement, EOSA. It was eligible for a one-third grant from the province and a matching grant from the federal government. That is the program I mentioned earlier that is now—

Mr. Sheppard: Deceased.

Mr. Spencer: Yes.

Mr. Villeneuve: While you are at it, make sure you mention the Payne; perhaps we can make a package deal here.

I have a question on the drainage referee. I understand it creates a great deal of time lost from the time the decision is made to go to the referee until the time the final recommendations are made. I guess the referee is the last recourse. I understand there sometimes is a great deal of time lost there. Can you comment on that, please?

Mr. Spencer: Yes, you are quite right. You are one of several people who have raised this issue. This becomes particularly significant when you get into a cost-sharing agreement that

has a very specific life. Under our legislation, which through the good graces of the Legislature continues each year, people can work their way through the process and when they get to the end of the process they are assured of funds.

When you get into a federal-provincial agreement with a very specified time frame, if you follow the process and if the process takes a long time, you may not finish in time and the funds may not be available. That is exactly the case with the Payne. Perhaps the pressure on the referee has been somewhat increased by the joint agreements we have had recently.

The referee is acting as a judge. He is involved in a court process and uses the rules of a fairly strict court. Part of that process involves the legal advisers of the two parties. It requires those legal advisers to take certain steps and actions and to make certain applications at certain times. If either of the parties is reluctant to proceed, there can be very long delays, simply from the point of view that one party or the other has not carried forward the next step in the process.

There are remedies. The appellant or defendant can go to the referee and call for an order requiring that things be done within a certain time. Again, that requires another application, a hearing and an order. If one or the other of the parties is determined to delay, or is seeking to find ways of delaying the process, that can string the thing out. All that is not the referee's fault. The referee, unfortunately, gets tarred for that sometimes.

To be fair, there have been occasions where all the parties and the referee have worked diligently and we have had results at the end of the hearing or within two or three months of the hearing. We also have some cases where the hearing has been held, and eight, nine or 10 months later we still do not have a decision. That delay is, of course, clearly within the referee's office. I think the referee is aware there is concern. It remains to be seen how he will respond.

Hon. Mr. Riddell: There is going to be a very thorough discussion of this matter of the drainage referee at the senior management level in January.

Mr. Chairman: Are you finished, Mr. Villeneuve?

Mr. Villeneuve: Yes.

Mr. McGuigan: I have a drainage problem. It involves my own farm, but it is typical of some constituents' problems. You may have answered this before, but I would like to run over it again.

The minister knows where my farm is. It is on a whole beach of Lake Erie. It slopes down from

Highway 3 towards the lake, so that it has rather good drainage. In fact, most of it would be class 1 land, because it is sand and gravel loam and does not require any underdrainage.

The lower side of the farm, about a quarter to a third of the farm, does require drainage. It had drainage years ago with mutual agreement drains. In fact, at one time our family owned the next farm. It has been sold several times since then.

There were no registered agreements. Some of those old mutual drains have been broken up with the weight of equipment and one thing or another. When heavy equipment goes over them, some of the tiles chip, because it is underlaid with a sort of water sand. You put heavy equipment on them and some of these things chip. Then the drains no longer work.

The farm below us did not want to disturb that, so we are in a position today where we are not getting drainage. If we went to a vote on it, we are only one land owner and I am certain the other land owners would not want to agree. It would cost a lot of money to put in a new drain down to the lake. It would take almost a mile of 10-inch or 12-inch tiles, and they cost a heck of a lot of money.

Are there any provisions for people caught in this situation? I have had other constituents say they were at the head of the line and they could not get any drainage. The people below them would not agree.

As I read the act, there are about five criteria or situations you have to meet when you get drainage. The very bottom one refers to the tribunal or the other group; there are two sources you can apply to for relief. One is whether you need drainage and the other is on the quality of the drainage. Anyway, you apply to that person.

Mr. Spencer: Perhaps I could respond, and out of that we will get it clarified. I am not quite sure what you meant at the end.

Mr. McGuigan: Do you have the act there?

Mr. Spencer: Yes, we have the act.

The common and most used method is the petition drain. There are a number of criteria under the petition drain, and they relate to the majority or the number of owners required; they must represent at least 60 per cent of the area requiring drainage. You have to look at how the area requiring drainage is to be defined and then you have to get a majority of the owners or the owners representing 60 per cent of that area.

There are situations where that cannot be accomplished. In those situations, there is the mutual agreement drain. If you cannot get an

individual to sign the petition, he will not mutually agree with you sometimes, even if you pay 100 per cent.

The third possibility is the requisition drain, which is designed to cover this situation. Normally, one individual is kind of landlocked behind an unco-operative neighbour. A lot of people talk about a requisition drain as a "forced" drain. I am sure you have heard that terminology.

What it really says is that if you meet certain criteria, and these are criteria on both cost and distance, you can apply or place a requisition with your municipality. It must act to obtain a report and, one would hope, get you relief. If, in obtaining that report, the price moves outside the price range, you would be stymied on it.

16:20

Mr. McGuigan: That could happen quite easily with today's costs.

Mr. Spencer: It is \$7,500. It is essentially designed to get you a relatively short section of open ditch, or maybe a longer section of open ditch, or a relatively short section of tile drain. It would, one hopes, get you across one property owner who stymies you in holding you up. It might be satisfactory for your circumstances.

Mr. McGuigan: In our situation, there are no open ditches. You would have to take the tile right to the lake. It certainly would run over \$7,500. There really is no answer.

Mr. Spencer: Occasionally, this type of situation arises. You cannot get a valid petition and no mutual agreement can be made. Even if you are prepared to pay all the costs and the requisition is valid, then you are, under present legislation, without relief.

Mr. McGuigan: You cannot go to the tribunal. We have the farm underlaid now with a permanent irrigation system. We use a lot of water. We have a big pond, which is an old gravel pit, at the top end of the farm. We will probably gather that water and pump it back uphill, because we have all the equipment lying there, and then we will have the water to use. Maybe that is our answer, but it is a very rare situation.

Mr. Spencer: I would agree it is relatively rare. Right off the top of my head, I can hardly think of any situation where one of the three possibilities under the act would not solve a person's problem.

Mr. McGuigan: A few years ago, I had a constituent, a tobacco farmer, who was in that situation. As far as legislating to change that, you would be stymied there too because you would be

trying to save, say, \$30,000 or \$40,000 worth of land with \$100,000 worth of expenditure.

Mr. Spencer: Yes. The \$7,500 figure was established when the legislation was changed 10 or 12 years ago. Perhaps that figure could be modified.

Mr. Hayes: Mr. Johnston, I do not want to put you on the spot, but I would like you to elaborate on what we were discussing last evening dealing with what a municipality can do as far as doing work without having to have an engineer's report and also how far it can go without an engineer's report and still be eligible for the grants.

Mr. J. Johnston: To be eligible for the grants for doing work without an engineer's report; first, the municipality must have an approved drain superintendent; second, it must have a budget that has prior approval by the ministry.

We ask municipalities to tell us in February how much money they think they will spend on drain maintenance. They have already worked out a plan and they know which drains they intend to work on. They have that figure and they add something to it because they know there is always something that will come up during the year they have not planned on. They submit it to us and, so far, we have been able to approve all the requests provided. The municipality goes out to do the actual work.

Section 74 is their authority for doing maintenance work. All it says is the municipality must maintain the drain to the last revised bylaw on a prorated assessment schedule to the upstream lands. There are no limits specified in the act on how much can be spent. We have municipalities that have spent \$40,000 or \$50,000 maintaining a drain without an engineer's report and they assess that from the old existing bylaw.

If improvements are required, the municipality can improve a drain under section 77 of the act, if it does not spend more than \$4,500 and provided that all lands assessed lie within one municipality. That improved cost has to be spread over the entire drain prorated on the old assessment. Perhaps that is where the impression is created that there is a limit on how much can be spent on maintenance, because there is an amount specified in the act for improvements.

Mr. Hayes: So the municipality can, as we were discussing last night, clean out the bottom of a drain, for example, and spend an unlimited amount of dollars without an engineer's report.

Mr. J. Johnston: Yes, as long as the municipality follows the old bylaw they can spend whatever it takes to put the drain back into

a state of maintenance. Before they start, we suggest they do two things. They have to pull out the bylaw and see what is in there to make sure that when they work on the bridge or culvert, that culvert has been specified in the bylaw and they have some specification to work it back to and a way of collecting the cost. The other thing they should look at is the assessment schedule.

Each assessment schedule that is written pertains to the work that is described in the report. If you do something which, in essence, is the same, then the assessment schedule is probably reasonable. However, if you do something which is slightly different in magnitude, then the distribution of the cost may not be appropriate. So they should look at how that cost will end up, because they could have one farmer assessed at 10 times the rate of his neighbour for the same work or same value of work to the properties if they use an old bylaw. They should check that out first.

Mr. McGuigan: I have a supplementary on that. In southwestern Ontario, particularly Kent and Essex where Mr. Hayes and I come from, a great deal of land is very flat and there is not much fall. Is there any problems for local contractors going ahead and doing that work without having an engineer on the job? Is there any practical experience there either pro or con?

Mr. J. Johnston: We have been running the drain maintenance program since 1982, I believe. That has not really been raised as an issue. One of the requirements of an approval for a drain superintendent is that he has to know how to run an engineer's level so he can set up grade stakes for a contractor if it is necessary. Many of the contractors who work in this type of work can already read the blueprints and set their own grade stakes.

Mr. Hayes: From talking with you last evening after the meeting, I know you tried to get this message out to some of the municipalities. I cannot help but think there are many municipal councils that are not aware of some of the things they can do. Is it possible or practical for the ministry to send a memo to the municipalities across the province simplifying and explaining to them just how far they can go, because I am sure there are a number of them that do not realize they can do some of the things you have mentioned?

Mr. Spencer: I might comment on that. We send an annual letter which relates to this particular program. It may be that has almost become a routine and it is not getting perused. It is possible that a somewhat different brochure or

a different description rather than the standard letter might be prepared.

Mr. Hayes: I believe that would be a good idea.

Mr. J. Johnston: If I could, I would like to indicate that we have spent a great deal of effort each year trying to get this message across to the municipalities. This past year we have had two seminars for municipal clerks, one in Ottawa and one in Kitchener. We have a school for the drain superintendents in Kitchener. We attended somewhere in the neighbourhood of 18 or 19 meetings with the new councillors all across the province where drainage is practised. We have had seminars in New Liskeard, Sudbury, North Bay, Manitoulin and Rainy River to catch the northern area. We are expending a great deal of effort trying to get that information out to municipalities.

Mr. Sheppard: As a supplementary to that, when the Ontario Good Roads Association conference is on, do you have any seminars or do you give advice there for drainage?

16:30

Mr. Johnston: We do not normally attend the good roads association conference or the Association of Municipalities of Ontario conference. I participate on a panel at the Rural Ontario Municipal Association conference where most rural councils have representatives. We have two or three hours on the Tuesday where we discuss many drainage problems.

Mr. Hayes: I have another concern dealing with drainage, or maybe some of the areas that we should not be draining so quickly or filling in, and that is wetlands. I know conservation authorities make a big deal of it. The Ministry of Natural Resources does, as does the Ministry of Agriculture and Food as far as preserving agricultural land is concerned. As we are sitting here now, wetlands are being filled and drained in Ontario. I have argued some cases where the conservation authority has said, "Really, there is nothing we can do about this," and the Ministry of Natural Resources has really not taken a stand on the issue.

The two ministries and the conservation authority should get together on this issue because a lot of wetlands are being drained and filled to put houses, marinas or other buildings on. If we are serious about this, we should get some legislation with good strong teeth to stop this from happening, because it is happening right now.

Perhaps either one of you can elaborate on that.

Mr. Spencer: There is an initiative of the government on wetlands. You may or may not be aware a draft policy statement was circulated a year and a half ago with a view to developing a policy statement under the Planning Act. Everything is being done on goodwill right now, depending upon who owns the land and whether he wants to retain it, and there is really very little legislation that has much effect on this.

There is some fill legislation under the Conservation Authorities Act and there is a certain amount of moral suasion that can be put on to projects under the Drainage Act or other types of projects—highways projects or other projects that are causing problems—but at present, staff is pursuing a policy statement under the Planning Act which would then be utilized to develop the official plan for municipalities. From that flow zoning bylaws, and those can be enforced and carried forward.

Currently, there is a four-ministry committee led by Natural Resources, involving ourselves, the Ministry of the Environment and the Ministry of Municipal Affairs. We are struggling our way through such things as definitions of wetlands and the kinds of provisions that might go into a policy. We are all hopeful that we are going to get a reasonable policy that will be effective, can be implemented and will be accepted by the population. Some type of draft will be available within a six-month time frame, something along that line. There is some progress in the direction you are indicating.

Mr. Sheppard: Would Ducks Unlimited, the Federation of Ontario Naturalists or the Ontario Federation of Anglers and Hunters contact you people or would they contact the Ministry of Natural Resources with regard to drainage such as this?

Mr. Spencer: Both. They do tend to identify with the Ministry of Natural Resources. All those organizations have been in contact with us, and our approach has been not unlike what I was describing with Environment Canada in Ottawa. We have tried to have some meetings and discussion and an exchange of dialogue and information so that we can better understand what they are trying to accomplish and, we hope, they can better understand what we are trying to accomplish and protect. Depending upon the organization, we are making greater or lesser strides.

Dr. Switzer: To follow up briefly on what Mr. Spencer has said, as recently as this morning,

after the cabinet committee on economic policy meeting, my counterpart in the Ministry of Natural Resources and I had some further discussions on this point. We have been exchanging memos for a while and we both decided that maybe we should have a meeting very soon to start with a resolution of some differences of opinion we have in what the actual definition of a wetland is. That is going to happen within the next few days.

Mr. Chairman: I wonder if Mr. Hayes will allow the chair to get into the fray a bit here. This is a matter that has concerned me for a long time. I am surprised to hear you are in the stage of exchanging memos with the Ministry of Natural Resources on a matter that has been before government for many moons, for years, with a draft plan. When can we expect some kind of absolute policy? I am quite surprised you are still defining wetlands.

Dr. Switzer: I share your concern and, in a way, your surprise on this. On the surface—and I am not referring to water—of the problem, it might seem to be a fairly simple one, but when you get down to defining a wetland, as far as agriculture is concerned on the one hand and Ducks Unlimited, let us say, on another and Natural Resources on another, there are some grey areas. We think we know what a wetland is; some of the other folks think they know what a wetland is; and we have a little trouble rationalizing our position.

But we have to do it, and that is where it has to start. It is time we stop exchanging memos, which has been going on for a long time, get down and knock some heads, if I can say that, and define what we are going to do. Mr. Spencer and his staff will be pleased to hear this, because I have been hearing for quite a while that we need to decide what a wetland is. Then we will know where we are relative to the policy that is in the mill.

Mr. Chairman: Among members of the conservation community, I know the heads they would knock are at Agriculture and Food more than the others, to be quite blunt about it. Rightly or wrongly, they view the Ministry of Agriculture and Food as the bad guy in this whole thing because of the desire of farmers to drain farm land and also because there is no incentive not to.

Dr. Switzer: If I can react to that, I do not expect I would have any trouble convincing you that the first conservationists that ever existed in this world of ours were farmers.

Mr. Chairman: I agree.

Dr. Switzer: Farmers to this day are conservationists. They have to be or they are not going to stay in farming. I make the plea to people who seem to blame farmers for destroying wetlands that the average farmer out there recognizes the importance of wetland to the continuance of his operation. He does not want to destroy wetlands.

Mr. Villeneuve: The ultimate aim is to keep providing the consumer with cheap food. Let us not forget about that one.

Mr. Sheppard: If you have another wet year like the past year, it is going to be that much harder to define.

Dr. Switzer: I do not want to pursue this any further, but I did want to follow up what Mr. Spencer had to say in response to Mr. Hayes's question.

Mr. Hayes: Mr. Sheppard mentioned Ducks Unlimited, for example. I think it was in Manitoba where Ducks Unlimited acted, and I am sure the government there probably contributed to it. There was a farmer who reclaimed or rejuvenated wetland out there, and it has become very successful for grazing for cattle and for growing hay. These are the kinds of things we should be looking at.

16:40

The chairman mentioned that some of the wetlands have been filled or drained and, at the same time, there has been no incentive to preserve them. We should be looking at that. If we do it through the farm tax reduction program, that would be a step in the right direction. It could be beneficial for the whole agricultural industry.

Hon. Mr. Riddell: Lest you are not sure of this government's commitment to the preservation of wetlands, I have to tell you that at a function in October the Premier (Mr. Peterson) announced there would be a tax rebate on wetlands.

Mr. Hayes: That is what I am asking.

Hon. Mr. Riddell: A number of ministries are meeting at present to give this further consideration.

Mr. Hayes: You said there would be, but now you are going to consider it.

Hon. Mr. Riddell: Pardon?

Mr. Hayes: Is it in effect now?

Hon. Mr. Riddell: No, I do not think it is in effect. The Ministry of Natural Resources, the Ontario Ministry of Agriculture and Food—what other ministries are involved?

Mr. Spencer: Revenue.

Hon. Mr. Riddell: Revenue; the minister made the announcement. Do not underestimate what the Premier says.

Mr. Villeneuve: Could you clarify that? Will there be a tax rebate on so-called wetlands?

Hon. Mr. Riddell: He said a tax rebate program would be established.

Mr. Villeneuve: Regardless of who owns the wetlands?

Mr. McGuigan: For anyone who applies?

Hon. Mr. Riddell: I do not know any further details unless my staff knows. I see you are shaking your head, Vern. What do you know?

Mr. Spencer: I know this is why it is so important to define wetlands. If you are going to start making funds available or they are not going to be available, then you need to know for what properties you are making those funds available. In other words, what constitutes a wetland?

My understanding is, in response to your comments and otherwise, that the Premier has made the announcement and there will be a program. It is simply a case of determining what the terms of the program are, how they will be implemented, who will do it and what the tasks are.

One of the big and important tasks is defining what a wetland is, so that an individual can know whether he is eligible for a tax rebate and eligible to be designated under this proposed policy under the Planning Act. It has two aspects to it. One is the policy under the Planning Act and the other is the tax rebate. I expect if you are going to benefit from one program, you may also be designated under the other program. I do not know that, but logic would make one think that might be how it would run.

The trouble with defining wetlands, to be perfectly blunt about it, is that there is a scientific way of determining whether lands have developed under water. You can tell by doing an analysis on the soil whether it was saturated during aeons of development. If you classify all lands that developed under saturated conditions as wetlands, you have around half of southern Ontario classified as wetlands. That causes great concern for a lot of land owners, particularly when you start talking about a preservation policy or a control policy.

We are trying to define what you might call the current or existing wetlands because there is not much point designating lands that have long since been drained and cultivated for two or three generations. The trouble with that is that you cannot define those wetlands in a good scientific

fashion. That is where all of the debate is right now in trying to develop a definition that meets the needs of the scientists versus the pragmatists, who say, "We really only want to look at the ones that are still available and then it makes sense to try and do something." That is where the debate is.

Mr. Hayes: There are wetlands now about which everybody in this room would agree that it is a wetland. There is no question as to whether it is a wetland or not. These are the ones that are being drained and being allowed to be filled. If the Premier is so serious about giving incentives to preserve the wetlands, he had better get that message to the Minister of Natural Resources (Mr. Kerrio), who so easily and freely allows people to fill or drain wetlands. That is where he should be going.

One of the unfortunate parts is that a lot of people think that the wetlands are all up in the northern area, but they are all across this province and it is a serious concern.

Mr. Chairman: From the last number I saw, they were disappearing at a rate of three per cent a year, was it?

Mr. Spencer: Three to five.

Mr. Chairman: Three to five per cent a year are disappearing.

Mr. McGuigan: I just want to point out in this discussion that Dover township is low land, a lot of which has been reclaimed between the Thames River and Lake St. Clair. There still are some very valuable hunting marshes there. Dover township council, which I am sure are mostly farmers, were very much in favour of a tax rebate. I got these figures three or four years ago. I have forgotten the specifics of it, but one basic thing is that the wetlands were assessed at a lower rate than the farm lands. When you took the 60 per cent rebate that was given on the farm lands, the net result was that the wetlands were paying more money; it was something like \$8 or \$10 an acre. It is not a huge amount of money, but nevertheless, we have a lot of marsh.

Some of those people down there own 1,000 acres of wetlands. This is significant. What is more important than the dollars per acre is the signal that it is sending. We think these lands should be preserved by giving a rebate, and all that is in the works. I do not know what the timetable is or when it is going to be money in the farmers' hands; I think it will be within the next year or two.

Beyond that, we need more incentive than a few dollars per acre. The tragedy of this is that it

affects North American agriculture badly on both ends of the spectrum—the wetlands and the drylands. When developing land, you produce crops that nobody needs in the overall picture of export market control. In the American south-west, they are subsidizing in huge amounts, taking water down from the mountains and irrigating the desert. This would not exist without tremendous government subsidization. One could not justify that economically.

We do that on both sides of the spectrum. I heard your discussion. There is a controversy about it, but I suspect that what these other people who are talking about the wetlands are saying, is that we are doing the same thing on the wetlands. We have to take a second look at this, because in the early days when we were pioneering, land was worth \$1 an acre. My brother bought land in Quebec 30 years ago at 50 cents an acre to \$5 an acre. He has become a millionaire and has retired now.

16:50

Mr. South: You farmers are all making a buck.

Mr. McGuigan: A very individualistic person looking at that ground would say, "There is an opportunity." Under our capitalist system, we say: "There is a great opportunity. Go ahead and do it."

Mr. Chairman: We are not going to get into a debate on the contradictions of capitalism, are we? That would bother me.

Mr. McGuigan: I am sure it would. That is why I brought it up.

Mr. Villeneuve: To make sure you are awake.

Mr. McGuigan: We need to take an overall look at what we are doing on this.

Hon. Mr. Riddell: Perhaps a partial solution to our food surplus problem is to remove all the dikes and let Mother Nature do as she knows best.

Mr. McGuigan: She is getting a darn good crack at it right now.

Mr. Villeneuve: Even with the dikes.

Mr. McGuigan: I do not think we want to assault lands that have been drained to preserve those that have not.

In that regard, our report on the shore line, which is due to hit the public in about 10 days, has something to say about shoreline development. Depending on how it is interpreted, it might be considered to affect the wetlands along the lake shore. I am not sure how that will be interpreted as it goes along, but along with the

policy statement that goes into the Planning Act, it could affect some of those wetlands along the lake shore.

Mr. Chairman: Are there any other questions or comments concerning wetlands?

Mr. Hayes: Getting back to the drainage—I guess that is part of it—from listening to the other members and my own constituents, I believe we have to do some revamping of the Drainage Act. If the minister would like to do it, we might even set up a three-party committee to deal with some of the problems in the Drainage Act.

Mr. Chairman: The question seems directed to the minister.

Mr. Hayes: Yes.

Hon. Mr. Riddell: We will have a look at it. You realize the downside to opening up the act; what would likely happen if we came in with some sweeping amendments to the Drainage Act?

Mr. Hayes: It is obvious there are some problems. We should be looking at them.

Hon. Mr. Riddell: There are some problems, sure.

Mr. Hayes: We should address them.

Hon. Mr. Riddell: If we can rectify those problems by way of regulations, I say let us see what we can do. If it requires some sweeping amendments and opening up the whole act, you understand the criticism we will get from the people who do not like drainage in any way, shape or form.

Mr. Hayes: When can we hear from you?

Mr. Villeneuve: Tomorrow morning.

Mr. Hayes: I will wait around.

I do not think anyone is suggesting we tear apart the whole Drainage Act, but I feel there are some parts of it we should be looking at, mainly pertaining to agriculture.

Mr. Villeneuve: I have not been reading the press releases of the Premier, particularly the one that said there will be a tax rebate on wetlands. Did I get that right?

Hon. Mr. Riddell: My understanding was that at a function the Premier attended in October he announced that a drainage rebate program would be established. I believe he was talking about wetlands. There are a number of ministries working right now to give consideration to that very point.

Mr. Villeneuve: We are speaking of preserving wetlands? When you say drainage, is it—

Hon. Mr. Riddell: Sure. That is behind it all, the preservation of wetlands. We in the ministry agree that a wetlands preservation policy should be developed. Do not get us wrong. I think the chairman's remarks were a little unfair. He was suggesting we were the holdup. I do not think we are.

Mr. Chairman: I think that was the perception.

Hon. Mr. Riddell: I believe we are as much in favour of wetlands preservation as anyone. Here again I am quoting from memory, but when a wetlands policy did come down a year and a half or two years ago—

When was the wetlands policy introduced?

Dr. Switzer: Was it late 1984?

Hon. Mr. Riddell: It seems to me that the people who had some real concerns about it were the conservation authorities. I am not so convinced it was the Ministry of Agriculture and Food.

Mr. Sheppard: Perhaps it was the Ministry of Natural Resources too.

Hon. Mr. Riddell: The conservation authorities come under the Ministry of Natural Resources. I recall meeting with some conservation authorities when I was opposition critic, and they had some concerns about that wetlands policy.

Mr. Villeneuve: My concern is for the three per cent of the population out there called farmers. That is the reason the Ministry of Agriculture and Food exists. Probably one of the main reasons we have a pretty strong economy in Ontario is that they are supporting it through literally working for nothing and boarding themselves. I wonder how compatible that will be if we wind up with large blocks of land scheduled to be returned to so-called wetlands adjoining areas where farmers are trying to earn a living from conventional agriculture.

We have some situations in the riding I represent where Domtar has put in some trees. It has created some problems in that Domtar has become a large land owner and drainage has become more difficult. Farmers are complaining that in years such as this they have a great many problems not only growing the crop but also harvesting it, because Domtar is not all that particular about drainage. The compatibility here between wetlands and agriculture has always been difficult. If the Premier wants to do that, it should be done with a great deal of caution.

Hon. Mr. Riddell: It is premature to guess what might be included in the tax rebate program at this time. As I indicated, it is currently under

consideration. As the deputy has indicated, the difficult part of this whole thing is coming up with a definition of wetlands.

Mr. Villeneuve: I agree.

Mr. G. I. Miller: I think any designation of wetlands has to be dealt with by the municipalities and the Ministry of Municipal Affairs. The planning is done locally and there has to be co-operation at that level. I agree with Mr. Villeneuve that we have to be careful, because farmers cannot work land that is not properly drained. That is one of the keys. There has to be a lot of co-operation. I am sure this ministry is concerned about that.

The area of Haldimand-Norfolk is a good example. We have dammed up streams and made small lakes for the purpose of maintaining the water level. It has been utilized by irrigation. In one area you can dig a pond and put your irrigation pump in and the water level will be maintained. We have had two requests from farmers who cannot use wetlands that they sell those wetlands to some authority. Perhaps the conservation authority, under the Ministry of Natural Resources, has set a precedent by buying up land, reforesting it and setting it aside. That is one way of dealing with it.

17:00

Ducks Unlimited has done a couple of projects in the Dry Lake area near Cayuga, which is connected to the Grand River system. It is peculiar because the water seems to be draining underneath, out to Taquanah, which is a conservation area they have established by putting in a dam for Ducks Unlimited to promote the protection of ducks and the expansion of that area.

However, we have to be careful and give a signal to the municipalities that we are working along with them, because there has to be co-operation among the three levels of government.

Hon. Mr. Riddell: The interministerial committee that is looking at this does definitely include the Ministry of Municipal Affairs, so there is no question they are very much involved.

Mr. Villeneuve: As a supplementary to that, I suppose it is nice to have every concerned ministry involved, and I guess they would be the Ministry of Natural Resources, the Ministry of the Environment, the Ministry of Agriculture and Food and the Ministry of Municipal Affairs; you could probably name a half dozen others. But I believe that involving more ministries reduces

your ministry's input and also the agricultural community's input.

We are dealing in the farmers' back yard, and they had better have a good word to say about it. I do not know whether they would need control over this, but certainly they would need to have some input, because I can see that as being a really tough one to deal with.

Hon. Mr. Riddell: You underestimate the influence of the Ministry of Agriculture and Food.

Mr. Spencer may have a comment.

Mr. Spencer: I want to make a couple of comments. The chairman mentioned he was surprised that we are where we are at this point. Certainly five or six years ago we had staff committees that were working on wetlands policy.

I have been involved from the ministry's point of view for quite a number of years. What we have been trying to accomplish from our direction is really twofold. One is to try to get as many of the decisions made at the local level as possible, because it is our view that we are more likely to get what I would call sensitive decisions made when they are made at the local level.

Thus, I have lobbied hard and fast, and against many of the views of the federation of agriculture and some other rural people, to try to get the designation, the decision-making process under the Planning Act because I think that does get the decision at the local level.

The other thing, on which I have just about alienated myself from all the government staff, is this definition of wetlands. I insist that we will not and cannot live with a scientific definition that looks at the conditions under which soils were developed. We have to be pragmatic; we have to look at what is out there now and make our decisions on that basis.

The other key point in the policy that we fight for—we fight for most of them, but the one we are really fighting for—is a policy statement which says that any policy will not unduly interfere with existing uses. We feel this will give a pretty strong degree of protection—and by the way, that is very much supported by our Planning Act philosophy and our law. In this way, you do not interfere with existing uses unduly. We have fought very hard on those and we are continuing to fight. The meeting the deputy mentioned was probably a result of my letter writing and fighting as much as anything else.

We are working very hard to get a policy that we hope accomplishes the kind of thing that society basically wants to have happen without

unduly restricting agricultural activities such as drainage, farming existing farm land and so on. I guess I am fairly optimistic that it can be done. It just takes a lot of hard work and a lot of lobbying.

Mr. Villeneuve: Would that concept possibly entail an agriculture and rural development agreement type of umbrella group that would go in and say: "All right, this is a designated wetland. We have four people who are earning maybe a marginal living, maybe a good living, without expropriation. Would they be out there to acquire some of that property?" Inevitably, that will happen.

Mr. Spencer: We have quite number of steps to go through before that happens. Right now, believe it or not, even publicly owned land does not have any designation on it. Therefore, the first thing you would look at would be getting publicly owned land designated, nailed down and protected; then you would start to look at other areas. Obviously, if you are going to abide by the principle that you do not unduly interfere with existing uses, then it is going to happen by negotiation, probably by purchase.

There are some types of agreement where there is a payment to the land owner to manage that part of his property in a certain fashion. That would be a negotiated agreement whereby the land owner says, "This is the best way for me to make money out of that piece of land."

Mr. Villeneuve: Without being alarmist, I think the Premier's announcement on rebate on wetlands had better wait until such time as we have some direction here from your ministry.

Hon. Mr. Riddell: As I say, my ministry is very much involved, and consideration is being given to the preservation of wetlands, recognizing that we have to preserve wetlands.

I farm not very far from what we call the Hay Swamp. If anyone tries to clear that land and drain it, he is going to hear from me, even though my outlet drains run into the ditch leading into the Black Creek, which is so high now that a lot of my drains on the farm across the road from the home farm are standing in water. I do not care whether they are standing in water. There is just no way anyone would come in and drain that Hay Swamp, because the first thing that would happen—and I know this for a fact—is that I would lose the water in my well.

I have a 65-foot well, which is not very deep, but it has never gone dry, regardless of the amount of livestock or home usage that has been exerted on that well. But I do know that once that wetland is removed, my well will be gone. I am a very strong proponent of wetlands policy,

because I think we have made a tremendous mistake in the past by draining wetlands that should never have been drained.

I can refer to a problem we are having in certain parts of Ontario right now, which at one time was a lake. I am not sure it should not have been left a lake.

Mr. Villeneuve: That is very easy to say when economic times are the way they are. Back in the early-to-mid-1970s it was just produce, produce, produce; clear land, drain land and away you go. The good Lord made only so much land, and the people are starving. As we all know, this has turned around very dramatically in the 1980s. We will probably go back, at some time in the future, to the situation again where there are good markets and a reasonable profit—there was never an exorbitant profit in agriculture—and in those types of times, people's philosophy and thinking do change quite considerably.

Mr. Hayes: I do not think there is any question about the local municipalities and conservation authorities. These things have to be done through the official plan; there is no question. However, they also have to have the co-operation of the various ministries. The minister had his nose out of joint a little bit because he thought the chairman was pointing the finger at his ministry.

The one question I would like to ask is that I know that when someone wants to fill in a so-called wetland, a marsh or whatever you want to call it, the conservation authority gets involved and it receives a letter, say, from the municipality, and then the Minister of Natural Resources does. Does the Ministry of Agriculture and Food receive a copy of proposals for its comments or recommendations?

17:10

Mr. Spencer: No. I believe the main requirement for notice is only those conservation authorities who have what are called cut-and-fill regulations under the Conservation Authorities Act. One of the additional difficulties at the moment is that much of Ontario has no regulation of filling, so that any land owner is quite free to go ahead and fill any portion of his land that he wishes. In those areas where conservation authorities have fill regulations, or regulations under the Conservation Authorities Act, there is a process; applications are made and there is a circulation. But that primarily involves the municipality and the authority; this ministry is not involved.

Mr. Hayes: That might be one area in which to get a handle on this. If it affects the agricultural

sector, maybe we should be looking at it. Would you do it through the Ministry of Municipal Affairs? That is probably where you would have to go, but I feel the Ministry of Agriculture and Food should be notified whenever someone is going to fill in wetlands, for example.

Mr. McGuigan: I want to point out something in relation to the question you asked about whether the various ministries should be circulated. When we agree on a wetlands policy and it is inserted into the Planning Act, exactly what you are saying will happen. I do not know how far away from it we are, but it is a lot closer than the horizon.

Mr. Hayes: That would be very good, but I am thinking of something in the interim. We could even notify municipalities and say that if they have people who are applying to fill the wetlands, the ministry would like to have input or at least know what is happening. That would be one step in the right direction.

Mr. McGuigan: I know it is not normal to question each other; we usually question the minister, but since we are kind of informal, Mr. Villeneuve lost me for a moment. Why does a rebate to a wetlands owner have any impact other than the choices the owner would make? I cannot see how that has an effect on whether the land is farmed. He could simply look at it and say: "If I keep it in wetlands, I am going to get my tax rebate. If I turn it into farm land, I am going to get my tax rebate." As far as he is concerned, it is neutral. It might persuade him to keep it as wetlands, but that is his individual decision. I cannot see how giving a rebate hurts him in any way.

Mr. Villeneuve: To my good friend from the southwest, I can see hunting clubs saying: "All right. Here is a couple of thousand acres of very good marsh land. There are a couple of little farmers in there. So what? We will set it up as a preserve and we will literally have our own shooting gallery." That concerns me. Hundreds of farmers generally get along reasonably well together as long as they are not too close together.

Mr. McGuigan: I am not familiar with eastern Ontario, but how could hunting clubs and people take over land they do not own?

Mr. Villeneuve: This would probably prompt them to purchase. As you know, Ducks Unlimited has fairly large amounts of money and invests in developing wetlands and what have you for its own game preserves. I have nothing against that. This would provide additional incentive because

they would get a tax rebate. They may even do it on a commercial basis. Effectively, this is providing encouragement.

I realize that possibly some of these farms—maybe the marginal farms—would be for sale. As the minister says, perhaps they should never have been turned into farm land. They should probably have been left as wetlands with the cover of bush, but they are now owned and are being farmed by people who earn a living in agriculture. More and more, I see the urban influence of wetlands areas with game in them. I see this intruding on the man who is trying to earn a living in agriculture. At present, that is my concern.

Mr. McGuigan: I see your point; I had missed that. If that individual decided he could make more money by selling land to a conservation group than by farming it, why would you want to tie him to continuing to produce low-cost food that makes only more food on the market and brings the price down? I know we are getting into a market discussion, but I really cannot see why our friend would want to take that decision away from the farmer or the land owner.

Mr. Villeneuve: I would never want to take that decision away from the land owner. All I am telling you is that the one who chooses not to sell out would have to live with the ongoing hassle of nonfarming people involved in a game preserve. We have it in certain areas of eastern Ontario, in the Alfred bog area, for instance. We have moose, deer and game of all kinds. We have drainage that is not very good in the immediate area. We have farmers who are telling us they are having a hard time making ends meet because of that.

The encouragement should come from Queen's Park to promote this by the incentive of tax rebates. If you happen to be the fellow in that crowd or small group who does not want to sell and yet this is being developed in your backyard, it provides a bit of a problem.

Hon. Mr. Riddell: Mr. Spencer wants to clarify what this tax rebate is all about.

Mr. Spencer: Mr. Villeneuve's concern about the effect of wetlands, preserved wetlands or designated wetlands and their management on adjacent properties—whether upstream farms or adjacent farms—is another of the very key arguments and debates in our committee. We are determined that we are going to get some type of resolution and protection for those people before we recommend our people to endorse the policy.

Mr. J. M. Johnson: The other day in the House when the Treasurer (Mr. Nixon) had his

estimates, I asked whether any consideration was being given to the property tax rebate program. A few years ago it was 50 per cent of farm tax rebate and then the minister proposed that all taxes be taken off land and farm buildings. It was not met with total acceptance. A compromise was reached that property tax rebates would be increased to 60 per cent. That is the way it stands at present.

I asked the Treasurer whether any consideration had been given to taking another look at the original proposal. I understand the Ontario Federation of Agriculture is supportive of it. The Treasurer suggested I contact the minister, and rather than phone or write you a letter, I thought I would have an opportunity to mention that in the estimates.

17:20

The Acting Chairman (Mr. Knight): Before you reply, Minister, as you know, we have Mr. Johnston and Mr. Spencer here with respect to drainage. Does the committee have anything further? If there is only Mr. Hayes left, perhaps we could have that and then Mr. Johnston and Mr. Spencer could step down.

Mr. Hayes: Very briefly, I do not think it is a simple solution of saying we are going to reserve or reclaim wetlands. I can sympathize with some of the concerns here.

I do not think this ministry or any other is automatically going to start saying to people, "We are going to do certain things with your land that you are not going to like." The bottom line is that the goal should be to preserve and reclaim as much wetland as possible without affecting the agricultural industry in an adverse way.

It leads back to the time we talked about preserving some of the woodlots. We know how people hollered and screamed about that. They said: "This is my property. I am going to do what I want to do with it." Some of the municipalities were kind of militant in saying, "We are going to pass bylaws and tell you to do what you are going to have to do with your property."

This is going to take a lot co-operation, and I hope it comes very soon.

Mr. G. I. Miller: That is another area that should really be focused in on under the same program, instead of leaving it wetlands and woodlots.

Mr. Hayes: I agree.

Mr. G. I. Miller: It is now under the direction of the Minister of Natural Resources (Mr. Kerrio). I think there should be more input. It relates to agriculture much more closely. Another

er good example is using some of our agricultural land, particularly in our tobacco area, where we have greenhouses; we have those facilities. They could be generating reforestation. When we are looking at who has the responsibilities, more emphasis should be put on the agricultural aspect of it.

The Acting Chairman: I would like to thank Mr. Spencer and Mr. Johnston for coming before us.

Minister, would you like to reply?

Hon. Mr. Riddell: Yes. The Ontario Federation of Agriculture has asked that we take another look at the property tax rebate program, and we are prepared to do that.

I think you all know the Ministry of Municipal Affairs will be very involved in those discussions, as will Treasury and the Ministry of Agriculture and Food. I think I can speak on behalf of the Treasurer when I say he would like to think we can do something differently. He has certainly seeded the thought in our minds. As I say, we will be giving this very careful consideration within the very near future.

Rita Burak, one of our very able assistant deputy ministers, who came over to us from Treasury, may like to take the stage and comment further on this matter.

The Acting Chairman: We welcome you back, Mrs. Burak.

Mrs. Burak: As the minister has said, the farm tax program, which has the highest level of expenditures in our ministry, is one we should be looking at on an ongoing basis.

We were reminded of the 1981 budget proposal, I believe it was, that we are talking about. It was discussed extensively at the time. I think it was 1983 by the time people got out into all the municipalities to talk about the change and it was not moved forward at the time. The Ontario Federation of Agriculture reminded us in the fall that this was something it was still interested in. We are taking a very close look at it.

There are a number of aspects to a possible change that we would have to explore very carefully. More municipalities have implemented the new assessment program. That is one factor. Demographics are changing, and we have to take a very close look at that and the eligibility criteria in the program. We now have a differential between northern Ontario and southwestern Ontario.

It could have very significant implications for a lot of individuals. We would want to know what the impact would be on farmers in various

areas. I think the Ministry of Revenue and the Ministry of Municipal Affairs would want to know what the impact might be on the municipalities. There are a lot of issues to explore and, as the minister said, we are doing that in cooperation with our sister ministries.

Mr. J. M. Johnson: I am not totally advocating that we should make the change. I represent three counties, and the last time this was proposed, two were in favour and one was opposed.

All I am suggesting is that if they have changed their minds, we should throw it out again and ask whether we can get a consensus. It may be beneficial to them or it may not be. Perhaps we will put it off a while. Anyway, it has been presented on a couple of occasions by different groups. I think it would be a good idea to look at it.

Hon. Mr. Riddell: We shall do so.

Mr. J. M. Johnson: I apologize for coming here in midstream. I was in the House speaking on a very important issue, Sunday shopping. I missed it. What is the procedure?

Hon. Mr. Riddell: Being a storekeeper, what are your views on that, Jack?

Mr. J. M. Johnson: We do not have to stay open Sundays.

Mr. Villeneuve: Only open one day a week.

Mr. J. M. Johnson: Only farmers have to work seven days a week.

Mr. G. I. Miller: They have no pension plan either.

The Acting Chairman: The next thing we know, he will be down here having committee meetings on this. We may need an emergency debate on that.

Mr. J. M. Johnson: I want to discuss crop insurance and one other matter. Is there another vote?

The Acting Chairman: We have been having a free and open discussion with no walls whatsoever.

Mr. J. M. Johnson: I would like to congratulate the deputy minister, Dr. Switzer, for coming to Maryborough on July 15, I believe, when a small tornado went through and did a lot of damage. We have had a couple of other experiences that created problems.

I did not bring my statistics, but about 90 farmers were hit by the storm and only about 14 or 15 had insurance. The numbers of people who are not buying insurance are so high they lead me

to believe there is some problem with crop insurance.

The problem is not the way it is administered, the commission or anything else; everyone is doing a good job. Perhaps it is just that the farmers cannot afford any more outlay so and they gamble on not having insurance.

Rather than your being placed in the position of having to come through with extra funding to cover this, is there not some better mechanism of redrafting the crop insurance commission to cover the problems they had in that part of the province and in the Niagara Peninsula as well?

Hon. Mr. Riddell: We are currently looking at some changes we can make at the provincial level, cognizant of the fact that crop insurance is a national program. It is a federal program; we administer it. The federal government contributes 50 per cent of the premiums.

17:30

We had a task force working since April of this year, which reported a month or two ago recommending some changes it feels should be made to the crop insurance program. This task force consisted of representation from the Ontario Federation of Agriculture and my ministry. We are looking very seriously at some changes we can make without getting authority from the federal government. Some of the changes recommended require amendments at the federal level to the Crop Insurance Act. Realizing this, we feel that if we are going to amend the Crop Insurance Act, or if Mr. Wise has any intentions of amending the Crop Insurance Act, we may as well bring in the improvements the farmers feel they need, but we are not convinced we know what the farmers want at this time.

I got the blessing of my counterpart in Ottawa to set up a committee. That committee will have federal representation, provincial representation, commodity board representation, farm organization representation, you name it. I hope this committee will be established by January. It will conduct a series of hearings across the province. I hope every farm organization, commodity board and farmer who has any criticism to make on the existing program and who is prepared to make recommendations for improvement will come before this committee. This committee will likely carry on through January, February and March. I hope we will have a report from this committee some time in April.

Then we will make a determination of what it is going to cost for some of these changes, such as spot coverage for insurance purposes, insuring individual fields and raising the coverage to 90

per cent. These are all recommendations I expect will likely come forward. There is no question it is going to cost money. We will ascertain what the premium will be and ask the farmer whether he indeed feels he wants to pay the additional premium to get the additional coverage.

I am the first to admit there have to be improvements to the crop insurance program. I am prepared to make some improvements that I have the authority to do without going to the federal government. For those sweeping changes some of the farmers asked for when they talked to us and for some of the recommendations the task force made, amendments to the act will be required, which my counterpart in Ottawa will have to take into the House.

Mr. J. M. Johnson: You have made the statement that to be supportive of people such as the ones I mentioned, who do not have insurance, would undermine the crop insurance program. I think a lot of people would agree that it would be extremely difficult to act so that we do not help in one way and destroy in another. Most people appreciate the fact that we do have crop insurance.

I was wondering whether it would make any sense, for example, with our views and labour in that area that some 80 or 90 farmers—your ministry officials in Fergus-Elora have done an excellent job on documenting the losses—or whether it be that much more of a problem to contact those individual farmers and ask them why they either had insurance or did not have it and the reasons they declined to buy insurance? Would it give us some indication?

Hon. Mr. Riddell: I think that when this committee starts travelling it will soon find out why the farmers in your area, the peach growers in the Niagara area and the potato growers in my area have not been taking out insurance. We have looked into it through personal contact with some of these farmers. There are a number of reasons they chose not to take out crop insurance. Not all stated it was because they felt crop insurance did not give them adequate coverage. Some stated that they did not figure they were growing a high-risk crop and that they were prepared to take the chance.

Mr. J. M. Johnson: The point I was trying to make was that if there are 90 people in one area where we know there has been a problem, people who have gone through the experience, maybe that could be of some benefit, rather than go across the whole province, which you will do anyway. By zeroing in on a group of people who have gone through the experience, perhaps they

can give us insight into how we can improve the program.

Hon. Mr. Riddell: We would certainly like to hear from them. I know you talk to a lot of these producers and I suggest you have them send a delegation to the committee hearing. It is going to be almost impossible for us to get out to all those farmers and talk to them about their reasons for not taking out crop insurance. We could write to them but I am not sure it is necessary. I am sure those people will come before the hearing.

Mr. J. M. Johnson: What about using Maryborough as a pilot project to find out the reasons why those 90 farmers either had or did not have insurance? That would give you a typical count.

Hon. Mr. Riddell: I am not sure you are in any different situation there than we are in the peach growing area of Niagara or the potato growing area of Alliston.

Mr. J. M. Johnson: That would even be better. You would have three examples. Your program that was announced November 24, 1986, to support farmers who suffered because of poor weather conditions, which I assume my Maryborough people would fall under, is extremely difficult to understand. Many of the farmers I have talked to are not sure what it means. Does it mean that if you happen to have a loan—

Hon. Mr. Riddell: We likely have a brochure on it. Has it gone out to the extension branch offices?

Mr. Ediger: I believe we have an example that has gone out to the extension branch offices.

Mr. J. M. Johnson: It has not gone out yet?

Mr. Ediger: I believe it has gone out. It explains how this works.

Hon. Mr. Riddell: If you want an explanation now to get it on the record, we can give you an explanation. It is fairly simple. Any farmer who has had more than a 30 per cent loss on his farm is eligible for the additional interest rate reduction in the new OFFIRR Plus program.

Mr. J. M. Johnson: What if they are not in the program?

Hon. Mr. Riddell: They can apply.

Mr. J. M. Johnson: What if they have crop insurance?

Hon. Mr. Riddell: Absolutely; they can still apply. We have said we will not undermine crop insurance, so any farmer with a loss of more than 30 per cent can apply for this program in spite of the fact he has insurance.

Mr. J. M. Johnson: Okay, that helps to clarify that.

Hon. Mr. Riddell: Henry Ediger is here if you want to ask him more questions about the program.

Mr. J. M. Johnson: No, if there is anything, we can send it over. I do not want to take up your time. I have one last question on the farmers in transition program. Have you received this task force from the Ontario Institute of Agrologists?

Hon. Mr. Riddell: Yes, I did.

Mr. J. M. Johnson: They make reference to a section on page 17, basically dealing with off-farm income and that type of FIT program.

I presented a resolution to the House last November: "That in the opinion of this House, recognizing the very serious limitations placed on our smaller rural municipalities in their ability to attract industrial growth, the government of Ontario should develop and implement an industrial strategy that would provide these municipalities with the much-needed expertise and financial resources necessary to enhance their position in this competitive field."

17:40

My argument is that instead of a program that encourages people to leave the farm, I would sooner see a program that would provide jobs in the community so they could live on the farm. Perhaps they would have to rent out the land to grow cash crops or something of that nature; less intensive farming. However, they would be able to stay on the farm and maintain the social viability of the community. At the same time, they would be working in industry or a commercial enterprise or some other off-farm enterprise for five or 10 years, whatever time was necessary, until they had the opportunity to come back and farm. Would that not make more sense than having them relocate in Toronto or Hamilton?

Hon. Mr. Riddell: Mr. Johnson, perhaps there is a misunderstanding of the farmers in transition program. The FIT program was put in place to keep farmers on the land. In other words, the FIT advises farmers how they can restructure their business so they can stay on the land. They have been very successful. I have had farmers contact me to say that they and their wives were at their wit's end. They thought the door had closed until the FIT adviser came in, sat down, went over their books and suggested ways in which they could get themselves into a better equity position. When a farmer went to the bank and showed the bank how he was prepared to

restructure his business, the bank said, "We are prepared to see that you get a line of operating credit."

That was the purpose of the FIT program. However, for farmers who simply could not stay in business, to help these farmers leave the land with some dignity we then provided some financial assistance for them to get started in another line of endeavour. This was when staying on the farm was absolutely impossible regardless of what we or anybody else did. They were in such financial straits that they knew themselves it was going to be impossible to stay on the land. The major part of that FIT program was to work out ways to keep the farmer on the land. You know and I know that as in any business, not all farmers can be saved. Not every businessman can stay in business. We also used the FIT program to help those farmers leave with some dignity.

I quite agree that a lot of our rural areas are agriculturally rich but industry-deficient. I would dearly love to work with the Ministry of Industry, Trade and Technology to try to encourage industry to locate in rural Ontario, provided it is the kind of industry that would be compatible with agriculture. I do not believe we want to see big smokestacks appear, say, in Huron county where they grow white beans, because we know what that does to white beans. If it is a clean industry, we should do everything we can to encourage its establishment.

I do not know whether there have been any meetings with the Ministry of Industry, Trade and Technology to seek out ways to get industry established in rural Ontario. Dr. Switzer, Do you want to comment?

Dr. Switzer: There has not been any directly related to it that I am aware of, unless some of the staff has been involved and I have not been. It is obviously something that we have to take a further look at, but at this point, we have not.

The only thing that comes to my mind, Mr. Johnson, is that although we have not had those kinds of discussions directly, some things have happened. My guess is that, for example, a lot of farmers who have found difficulty in the tobacco area may be able to find positions in the new auto plant that will be opening at some time in the Ingersoll area. It seems to me that this is the kind of thing you are talking about. There is an area where some farmers may still be able to live on the farm, even though their farms are no longer producing enough to make a full living. They can work in a plant such as an auto plant. Obviously, that is only one area.

Mr. J. M. Johnson: It is something similar to that. At present, there are very few job opportunities in northern Ontario and if a farmer cannot make ends meet, he usually has to leave for the city. That is unfortunate.

We get hung up on the idea of preserving farm land. That is and should be your mandate. At the same time, there is all kinds of land that would be quite suitable for industrial expansion without taking away good quality farm land. We can have a mix of both. I agree we do not need smokestacks. We do not need all the roads in Toronto either. We would not have the rush hour traffic every morning and evening, with all the pollution, for people trying to get in and out of the city if it were spread around the province, with even a little up north.

Your ministry should be working on this with the Ministry of Industry, Trade and Technology. A combined group of ministries should be involved. Mr. Reycraft introduced a similar resolution to promote commercial enterprise in rural Ontario for the same reason.

We lose the people and enrolments in the schools decline and we are faced with the closure of schools. It affects the churches. The whole community is based around a viable farming community. When you lose a lot of those people, it affects the whole area. We need some industrial or commercial growth to offset the loss, not to increase things but just to hold our own.

Hon. Mr. Riddell: I agree.

Mr. G. I. Miller: May I ask a supplementary on that while we are on the discussion of support for our small communities?

Have you given any thought to expanding plants such as the Southern Ontario Tomato Co-operative? That is the small plant operating in the processing area doing the sort of things being done in Toronto and Niagara Falls; it is centralized in major areas. I think of the Natural Fry situation we are trying to cope with now for the potato industry. There are no other processors in Ontario. Are you having discussions with the Minister of Industry, Trade and Technology (Mr. O'Neil) to tie it together, because it is part of our that. Agriculture has never been a focal point in the Ministry of Industry, Trade and Technology. It seems to be left on the side. Are we moving in the direction of co-ordinating the two ministries, promoting things along that line?

Hon. Mr. Riddell: I do not know whether the two ministries are working to get processing companies to establish in rural Ontario. We have

our small food processors assistance program. Perhaps Dr. Switzer would like to comment.

Dr. Switzer: I had better turn it over to Mr. Seguin. The small food processors assistance program is the first thing that comes to mind. It is a program through our ministry and is not, as you suggested, in co-operation with Industry, Trade and Technology; that is one. Through our marketing assistance program, we have been encouraging farmers to get a little more involved in direct production in consumer kinds of operations, rather than selling to someone else. We are involved in several things such as that. Perhaps Mr. Seguin can take it from there.

Mr. Seguin: As the deputy minister has just indicated, the ministry is operating on a number of fronts. We have a mandate for food processing as an essential area of government activity. We have the small food processors program that was announced this year which is flowing moneys to smaller food processors located throughout Ontario.

17:50

We are also operating with the Ontario Development Corp. which is a body of the Ministry of Industry, Trade and Technology. When companies go to it for loans, we provide advice on whether it is appropriate. This is an area where their expertise is lagging and our expertise is better, so we give advice. Also, the deputy is on a committee of deputies looking at the whole trade negotiations. As to the outcome of that, we are working with the Ministry of Industry, Trade and Technology to see what future adjustments may be needed in any sector of the economy, including agriculture, in any region whether it is southern, northern or eastern, and what benefits we can bring.

I also bring to your attention that our ministry is working with the federal Department of Agriculture, looking at a number of ways to provide new assistance at the primary or the processing level. For example, in this year's federal budget, the federal treasurer announced a tobacco diversification program. It has not been completed yet, but one part is looking at taking tobacco lands down in southwestern Ontario, and other parts of Canada where there is tobacco production, to see whether farmers can diversify into crops, and once these other crops are developed, to diversify into other processing. Mr. Miller mentioned a company that is taking advantage of this and there might be other opportunities. Behind this, we will move to broaden our industrial base in parts of rural Ontario.

This is also part of our work with the Department of Agriculture. The government of Canada has an economic and regional development agreement with each province. We have been working with them, slowly because of their financial constraints, to look at a significant federal-provincial push into the food-processing-and-growing-industry aspect for areas where we have not put much concentration in the past. In doing so, we would naturally work with our sister ministry, the Ministry of Industry, Trade and Technology. The Department of Agriculture would work with its sister ministries to co-ordinate our efforts, blend some programs already in existence and enhance others.

The answer to the questions by Mr. Johnson and Mr. Miller, we are operating on a number of fronts, some a bit faster than others.

Hon. Mr. Riddell: For the interest of the committee chairman, I have to say that we are moving on some new marketing initiatives for northern Ontario.

Mr. Chairman: That is good to hear.

Mr. G. I. Miller: I have another comment. This morning I sat in on the standing committee on finance and economic affairs for Mr. Cordiano, a permanent member of the committee. They are starting to deal with plant closures and the effect this is having in Ontario and in northern Ontario. We were going over reports that had been provided and agriculture was not on the list.

It is important that this committee take a look at agriculture. Plant closings in relation to northern Ontario's problems are not much different from many other problems such as those in the tobacco industry in southwestern Ontario or the problems of the cash crop farmer in southwestern Ontario who has had depression prices as far as grain is concerned. When you think that several hundred farmers in the tobacco area are going to have to leave their farms this year or have already left, I do not think there is any more serious a problem anywhere in Ontario than in those areas.

If the committee is going to zero in on something, that should be a priority. Agriculture affects all of Ontario. As agriculture goes, so goes the economy. It is not only a problem here; it also is a problem in the United States, Europe and all over. To stabilize it, you have to get the cost of production out of the price at which you are selling. It should be dealt with on that level within the standing committee. That was the reason I raised it this morning, to bring it to their attention. They may be able to throw it in the mill to come up with some solutions, not only for

northern Ontario and not only for plant closings; agriculture should be on the same plane and dealt with at the same level.

Mr. Chairman: Did the committee accept that suggestion?

Mr. G. I. Miller: I think they will. The chairman was listening. I think the members on the committee on all sides were delighted. I think agriculture needs a little more shove because it plays such an important role.

Mr. Villeneuve: In that same vein, the Kraft plant at Ingleside expanded a year and a half ago and 175 new jobs were created. When the plant advertised, more than 4,300 people applied. That tells you there is a large work force out there begging to work, be it the processing of farm products or whatever.

I must relate an experience I had about six months ago. I believe you know the parcel of land I am going to mention. An entrepreneur suggested he was going to set up a farm-related, commercial enterprise that might have employed about 12 people on the corner of Highway 138 and the concession I live on. People within your ministry and the food land preservation area said it is class 3 soil and must be retained in agriculture. That is the way it sits right now.

This is one of the key things that concern me. The Ministry of Agriculture and Food is here to help farmers and people who cannot quite make it in farming. This would have created and may still create some jobs, but at present, there is a letter on file from your ministry representatives at Kemptville that says this land must be preserved in agriculture. I have driven by there for well over 40 years and I have yet to see a decent crop.

Somehow we must bring some common sense to this. It concerns me no end that jobs would have been created in construction. There would have been some related and continuous employment. We may have lost it—I hope not—because of Food Land Guidelines that say we cannot take this land out of agriculture.

The economy of agriculture is so depressed and this type of thing still confronts us. I say to the minister with all sincerity and no politics involved that this has to change a little.

Hon. Mr. Riddell: Is anyone here from the food land preservation branch?

Mr. Switzer: Henry is.

Mr. Villeneuve: I was not speaking about Henry.

Hon. Mr. Riddell: I am not aware of the specific lot you refer to.

Mr. Ediger: I am not aware of the specific lot either. Keith Pinder, may be better able to speak to this than I. We may as well make use of him. Keith, you may want to comment on the policy in a broader sense.

Mr. Pinder: I am thinking fast on my feet. I have not thought about the policy for the past half year other than to say what is fairly obvious. The policy lays out certain areas or types of soil that are intended to be kept available for agriculture. On those kinds of soils and in agricultural communities or active farming areas, the intent of the policy is to keep the land available for farming and to keep farms protected from incompatible uses.

I cannot say more than that. I do not know the details of the specific case you are referring to and the extent to which those general provisions apply.

Mr. Villeneuve: I had a fairly long discussion with someone within the ministry. The policy seems to be pretty inflexible. There must be more flexibility and ordinary common sense that recognize we are not pulling half the agricultural land out of Ontario. We are talking about 12, 15 or 25 acres; I do not know. As I say, it has not been farmed and it is not fenced. It has not been pastured. It has to be tile-drained and it lies in such a fashion that it would be difficult to tile-drain. If you look at the soil map, it is class 3 soil and it is protected. You are protecting it very well, to the detriment of the economic development of the area I come from.

Hon. Mr. Riddell: Bear in mind that the final decision rests with the municipality. Any application for a severance goes through the municipality. We will likely comment if it comes before us. I do not know whether we comment on all severances.

Mr. Villeneuve: I believe you do.

18:00

Hon. Mr. Riddell: If it is one that comes before us, our comments will be based on our guidelines, that it is class 3 land. However, we are not the ones who grant the severance. We do not make the final decision on whether a severance is granted.

Mr. Villeneuve: I must tell you that the letter I saw would not be conducive to encouraging the municipality to promote severance, although it would have loved to have that additional tax base. I do not know if it was a letter of recommendation or a letter simply making a statement of your policy. However, the person went out to look at the property and there was no

way he would give in to say that this would and should ever become other than part of a farm that was totally and absolutely abandoned.

Hon. Mr. Riddell: If you could leave us the lot, concession and details on it, we can have another look at it. I cannot comment and I do not think anybody here can comment on that parcel of land. We will have a look at it.

Mr. Villeneuve: The principle is what I want to expand on. It is rather sad whenever we have someone willing to invest possibly \$200,000 or \$300,000 in a business that would be ongoing and probably employing people within the agricultural community who have difficulty making it; yet the Ministry of Agriculture and Food stands in the way.

Hon. Mr. Riddell: Is there any reason why they had to locate in that area? Is there no marginal land where they could have located?

Mr. Villeneuve: The main reason is that we are talking about milk trucking and an area on Highway 138 that is not subject to half-loading. As soon as we go to a marginal area, I do not know what happens, but it creates all sorts of problems. This is a natural.

Hon. Mr. Riddell: We will have a look at it.

Mr. G. I. Miller: Do you want to follow that up? It is about six o'clock. Do you have any people here today to discuss this?

Mr. Ediger: There is no one here to discuss these things.

Mr. G. I. Miller: Do you want to put it on the agenda?

Mr. Villeneuve: I prefer to speak privately to the individual I had the long discussion with. I want to address the principle of what is happening here, where the ministry in charge of trying to assist the agricultural industry all of a sudden winds up on the other side of the fence. I know you cannot be everything to everyone, but it concerns me when situations like this occur.

Hon. Mr. Riddell: You are living in a different part of the province than most of us. I do not know whether your farmers are faced with

nuisance claims and being challenged for their normal farming practices—some of them are being taken to the courts—but bear in mind that some of the farmers brought this unto themselves. They granted severances. They built houses on this land, and then these houses went up for sale.

Urban people wanting a country environment came out, never dreaming there were going to be odours, never dreaming that old combine was going to be going up and down the fields by their window at midnight, never dreaming there was going to be some pesticide drift. Then all of a sudden they complain like heck because they are having to put up with all of this. I am faced with not only having to bring in a food land preservation policy, but having to bring in legislation on farmers right to farm.

What do we do? Do we try to preserve this good food land or do we throw it wide open and say, "Do what you want with the land," and let the farmers go to court to try to defend their normal farming practices, when all of a sudden we see urban development taking place on this land? That is what has happened. Go down into southwestern Ontario. You would be sick if you saw what is taking place down there on some of that good agricultural land.

It is important to preserve good agricultural land, but we will have a look at the logistics.

Mr. Villeneuve: As one short, final word, we are dealing with a very economically depressed area that I come from, and any bit of encouragement industrial-wise would be greatly appreciated.

Mr. Chairman: I wonder whether it is in keeping with the finest tradition of the Ministry of Agriculture and Food if we give the last word to the deputy.

Dr. Switzer: This is a new tradition, is it?

Mr. Miller has indicated he would like to have some further debate. Perhaps I will withhold anything I might say until next Monday.

The committee adjourned at 6:06 p.m.

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Witnesses:

From the Ministry of Agriculture and Food:

Riddell, Hon. J. K., Minister of Agriculture and Food (Huron-Middlesex L)
 Spencer, V. I. D., Director, Soil and Water Management Branch
 Johnston, J. R., Drainage and Water Management, Soil and Water Management Branch
 Switzer, C. M., Deputy Minister
 Burak, R. M., Assistant Deputy Minister, Finance and Administration
 Ediger, H., Executive Director, Foodland Preservation and Financial Programs
 Seguin, R., Director, Economics and Policy Coordination Branch
 Pinder, K. W., Manager, Policy Coordination, Economics and Policy Coordination Branch



No. R-14

Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament
Monday, December 8, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, December 8, 1986

The committee met at 3:42 p.m. in room 151.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1601, main administration program; item 1, main office:

Mr. Chairman: This committee will come to order as we continue our discussion of the Ministry of Agriculture and Food estimates. Mr. Miller.

Mr. G. I. Miller: Thank you, Mr. Chairman. The last day we met was last Thursday, and I received a little note from the deputy minister indicating that we should perhaps make sure there are peanuts available for the committee. As you all probably are aware, peanuts are grown only in Haldimand-Norfolk, and particularly in the Victoria-Simcoe area, and so I made a point of making sure there were peanuts here today.

I would like to bring to your attention that there are three commercial peanut producers in Ontario. Picard Peanuts were the first to establish a major outlet. They are growing 200 acres of peanuts this year, and they have the capacity at their outlet for up to 5,000 acres. I want to indicate to you that there is plenty of room to grow. These are the Picard Peanuts, and I will send these up to the minister. He likes them. They have three outlets: one at St. Jacobs, which is just outside Kitchener; one in Oakville that is located at 220 Speers Road; and one on Highway 24 about three miles north of Simcoe. Indications are that their new outlet in Oakville is not overly busy, and I thought that, from a population point of view, they should be doing better.

The second producer is Duwyn Peanuts. They have a card put out and they have their own logo. They have 25 acres. It is a bit of a cottage industry. They have a nice outlet on their farm, which is located at RR 6, Simcoe. They produce various products as well, such as peanut brittle and shelled peanuts and peanuts in the shell, all varieties.

The third producer is Kernal Peanuts, which is located in Victoria, just five miles south of Simcoe, using land that was originally used for tobacco production. They are growing about 100 acres this year. They also have a small outlet where they put through Christmas packages of

peanut brittle, peanut butter, the whole variety of peanut products. Indications are with both Kernal Peanuts and Duwyn Peanuts that they are not going to have enough to supply the market they have worked up. Picard, of course, are the largest, and they seem to have adequate supply for the market they have now.

I just wanted to bring to all members' attention that it is an industry that I feel can and will grow. I will pass these on to the minister so that he is aware of them. I do not want to show any partiality. We just want to support the industry on an across-the-board basis, and I guess that brings us up to date on the peanut industry as far as Ontario is concerned.

Mr. Chairman: I sure hope you have covered them all or we will be hearing demands for equal time from the ones you missed.

Mr. Lane: I would like to express appreciation to Mr. Miller and to the ministry for bringing in this fine sample of peanuts today. Mr. Miller, I just wonder whether there is any chance that, since tobacco is harmful to one's health, we can just keep our peanuts growing where tobacco was formerly grown and make it helpful to people rather than harmful.

Hon. Mr. Riddell: In response to that, we have done some research into growing peanuts on that lighter land, and there is no question that we can grow peanuts and can put up a quality that I think is superior to that of peanuts that are grown anywhere else, particularly those grown in the United States. I really believe the quality is higher, but unfortunately we cannot compete with the American farmers from the standpoint of production costs.

Mr. Chairman: Maybe they have lower stumpage fees.

Hon. Mr. Riddell: I do not know, but they can produce peanuts and land a packaged product into Canada for about half of what it costs our growers to produce them, so you can see the kind of competition our producers face. Mind you, we are going to continue to work with the peanut growers. We are doing some research on a limited basis right now. We may step it up if we think we can compete more favourably with the farmers in the south. However, with our climatic conditions here, we have to dry our peanuts

artificially, whereas they pull the peanuts in the US and leave them exposed to the weather. Thus, they have natural drying and that is one of the things that increases our costs tremendously.

Mr. Lane: If we could overcome the costs, even run a break-even deal, now that we have to get out of tobacco it would at least keep the jobs here and maybe eventually we would be contenders in the market.

Hon. Mr. Riddell: As I say, we are going to continue to pursue it and to work with the peanut growers to see whether we cannot get lower costs in their production. It may well become another popular crop in this country.

15:50

Mr. G. I. Miller: One other comment I would like to make before we leave the discussion is that we are manufacturing a once-over harvester that is being built at Simcoe. I believe there are four or five of them in use in Ontario. The interesting thing is that this year they have had an order to ship one to the US for use down there. Apparently, there are orders for more. It is a piece of equipment that has been developed right here in Ontario. It could grow, along with the expansion of our industry plus an export market.

Mr. Hayes: I would like to thank Mr. Miller for the lovely-tasting peanuts and also compliment the growers in that area. Do you have the forms for orders here today? Do we go through you, Mr. Miller?

Mr. G. I. Miller: No, but we have cards here with a telephone number on them. I think they would make sure they were available here at Queen's Park.

In fact, that brings up another thing. We have a resolution coming up next Thursday that is going to try to promote Queen's Park as a focal point for Ontario products. We cannot say Ontario alone; we have to use Canadian products. It is a concern to me that we cannot have such exposure, particularly here at Queen's Park, where each member can advertise across the province. That might be something we could keep in mind. You can speak on that resolution on Thursday if you care to.

Mr. Chairman: Let us get back to the other relatively minor aspects of the Ministry of Agriculture and Food and continue the debate on the expenditures of the ministry. We have agreed that we would have a wide-ranging debate and would not confine ourselves to the individual votes. If anybody wishes to get on the list, he should so indicate now.

Mr. Hayes: I want to bring up a few of the concerns I brought up in my opening remarks. There were some questions there, and I wonder whether the answers to those are forthcoming, especially the ones on the farmers in transition program.

Hon. Mr. Riddell: I believe your questions were about problems with farmers in transition. How many farmers left farming? How many of those who left found suitable work? How many calls were received? How much money was spent on re-establishment assistance? How much was spent on administration?

Farmers in transition, introduced in December 1985, is a five-part program designed to help farm families adjust to the changing environment in agriculture. I have already indicated what the five parts are in my response to you:

1. Temporary deferral of action on junior farmer mortgages and agricultural and rural development agreement leases, and of the requirement for action under the Ontario farm adjustment assistance program option C until debt review boards are operational;

2. A toll-free help line to give information about where to get professional help in dealing with creditors, family problems, etc.;

3. Farm family advisers who provide peer counselling;

4. Re-establishment assistance through a re-establishment grant, a job course and a wage subsidy; and

5. Efforts to make farmers more aware of existing financial assistance programs.

The assistance was directed at two groups: those who need help to make adjustments to continue their farming operations and those who are unable to continue business because of financial difficulty.

As at the end of October, we had received 180 applications for re-establishment assistance. Of these, 156 have been approved, four have been declined and 20 are pending. A total of \$156,750 has been approved under the program.

In addition, 55 applications for wage subsidies had been approved. As the farmer has six months to use the wage subsidy approval after receiving it, and then benefits flow under the program for six months after the farmer uses it, we do not have a firm figure on what dollars will flow under this portion of the program. Our commitment is \$200,000.

One professional staff person took some time out of his regular work to work on this program. He was assisted by one clerk who dealt with this and some other programs. It is difficult

to put a specific dollar figure on administration costs relating to this program by itself, but it is not large. This portion of FIT was discontinued on September 10, 1986, as the federal government followed our lead and introduced the Canadian rural transition program, which has the same objectives as our re-establishment assistance.

The help line had received about 1,500 calls as at November 21, 1986. Administration costs are estimated at \$21,500. In addition, the salary of the help line co-ordinator is \$37,000.

As at November 21, 1986, 419 farm families had been counselled by farm family advisers.

Since the federal government implemented the farm debt review board procedure, we have attempted to integrate the farm family adviser program with debt review boards. The farm family advisers have signed contracts with the debt review boards, and 200 cases have been referred. The federal government pays the fees where the advisers are doing work for the farm debt review boards.

Expenditures since the inception of the farm family adviser program are \$380,000. This is for the training of advisers, per diems and expenses for the advisers, per diems and expenses for the farm family adviser board and professional services purchased on behalf of the farmer.

In addition, there is one co-ordinator, whose annual salary is \$24,000. This individual works to co-ordinate adviser allocation, training, etc., for our program and for the federal debt review board. This person has some duties in other areas of farm assistance programs grants work as well. In addition, office resources are used for things such as typing, mailing, photocopying, etc., and professional staff time is used to train the farmer advisers.

Mr. Hayes: I am not sure I heard how many people actually left the farm through the FIT program. Did you say there were 200 or so? Did I hear you right?

Hon. Mr. Riddell: Do we have that down here?

Dr. Switzer: We had 180 applications for re-establishment assistance, and 156 of those have been approved. That would be about as close as we could get to a specific answer to your question.

Hon. Mr. Riddell: Twenty are pending.

Mr. Hayes: Do we have any idea how many people were successful in finding other suitable careers or work through the program?

Dr. Switzer: Can Mrs. Burak comment for us? I do not have that information.

Hon. Mr. Riddell: Rita Burak is assistant deputy minister. Can you tell us how many people who have exited from the farm have had some success in locating jobs?

Mrs. Burak: I do not have before me today, and I do not believe we have a firm figure on how many of the 156 applications that have been approved have found long-term jobs; I think that is the gist of your question. I can tell you that we know there are some situations where people are not in what we would consider long-term jobs yet, and we are pursuing with the federal government the issue of getting them some additional benefits under the new CRTP program.

That program has a couple of things that our re-establishment assistance did not have. For example, they will pay for relocation expenses if somebody has a job opportunity after some training in another community and needs some assistance in moving; it is that kind of thing. There are a few people in that category for whom we are trying to work with the federal government to have them put on that program. I can take a look to see whether we have any firm figures on the 156, but I do not have them here.

16:00

Mr. Hayes: In fact, we do not have a clear picture as to how effectively the farmers in transition program is working.

Dr. Switzer: You have to keep in mind that our program is to train them to get other jobs. This thing has not been going that long. I suspect some of these folks, as Mrs. Burak has just indicated, are still in the training part of it. The short answer is no, we do not at this point. It is perhaps a little early; we will get that information farther down the road.

Mr. Hayes: I have another concern. I do not know how much effect the minister's office would have on this; it deals with the farm income stabilization program. I have a letter, of which you received a copy, minister, dealing with Pearce Farms. They feel this stabilization program is unfair to people who process their grain and feed it to their own hogs, for example. They are not recognized, as are others who sell it on the market.

I will read a few paragraphs of the letter and perhaps you will be able to relate to it:

"Again this year we would like to, in writing, protest and condemn aspects of this program. Please be advised that we are pork producers.

Also be advised that for the crop year 1986 we will be producing the following—the figures are just approximate—corn, 850 tonnes; soybeans, 200 tonnes.

"We would like this information to go on record and wish to inform you that your system is unfair and that it penalizes livestock producers for marketing our crops by way of feeding. It seems to us that we should receive the same treatment as someone who only has to take his crop to market and not worry about anything else but receiving his cheque.

"As a matter of information, since we do market our own crops via feeding to livestock, the stabilization commission should realize that because of this there are less crops on the market for our boards to handle. We also have increased costs because we do handle our own crops such as drying, storage and extra handling and preparation charges, and labour regarding such handling and feeding."

The letter goes on. It was sent to the Farm Income Stabilization Commission of Ontario. I received a copy and so did the minister.

I wonder whether you can touch on that. Can something be done for these people who feed the grain to their own hogs? They feel that they are unjustly treated and that it is an unfair system for them.

Hon. Mr. Riddell: When the author of the letter talked about the program being unfair, I trust he also means the federal program. Our program hinges on the federal Agricultural Stabilization Act program, which declares payments only on production sold to an arm's-length market from which no additional gain can be derived. With our program hinging on theirs, we do not consider feed grains under stabilization either. It is not that we are not prepared to look at it, but I think the federal government will have to want to amend its program before we will do anything differently in this province.

Henry Ediger is here and perhaps he can comment on the reasons the federal and provincial governments, to this time, have not considered including feed grains in the stabilization program.

Mr. Ediger: The minister is right that what we have is an Agricultural Stabilization Act 90 to 95 program, whereas the federal government has an ASA 90 program. Both the federal and provincial governments have taken the position that only net sales will qualify. What the federal and provincial governments are saying is that you do not have a loss at the marketplace until a sale actually occurs. Since the loss at the marketplace may or

may not occur depending on whether there is a loss through the animals you are feeding it to, you should not make a stabilization payment until the final sale occurs.

The end product is stabilized in Ontario and at the federal level. The end product may be pork, beef, milk or whatever the case may be. We have taken the position in all instances that we stabilize the end product, that you must have a sale before you can determine whether a stabilization payment should be made.

In the case of farmers feeding grain, there is obviously no sale until they sell their pork, beef or milk. In Ontario, as I said before, we do stabilize beef and hogs. For example, right now if you priced the corn that is going through hogs in the marketplace relative to hog prices, you are talking about approximately \$6 a bushel for corn. It is questionable whether those people should receive a stabilization payment, which the cash-crop corn farmer is receiving, relative to the hog producer who is receiving \$6 for his corn through his hogs. You also have to look at the program to see where scarce dollars should be going, and government dollars are scarce. The position the federal and provincial governments have taken to date is based on those types of principles.

Mr. Villeneuve: I have a number of subjects to cover. I guess the first would be ROS, rural Ontario services.

Dr. Switzer: I am sorry. Are you talking about rural organizations?

Mr. Villeneuve: I am sorry. Rural organizations and services, ROS.

One county in particular that I have heard of recently in my constituency, Dundas county, is sharing a rural organizations and services person. A great deal of pressure seems to be placed on that individual's time. There has been a request. Am I right when I assume that this person would be in charge of 4-H and related activities?

Dr. Switzer: That is correct.

Mr. Villeneuve: There is a degree of concern in the rural community that our numbers in 4-H have been dropping off for whatever reason. The opinion or guesstimate is that the ROS personnel do not have the time to spend when they are sharing their time, possibly with another county. It has been strongly suggested that ROS personnel should serve, where possible, one county and that these people should have some background, if possible, in having grown up in the 4-H junior farmer movement. May I have comments as to whether your budget will allow for an increase in

the number of people in that area and what the ministry foresees in the near and intermediate future in this area?

Hon. Mr. Riddell: I hope that none of our counties is suffering for lack of personnel. I am a strong believer in 4-H work and I want to see that carried on. I was not aware, until you brought it to my attention, that there was a county that apparently lacks the service and is therefore not able to carry on with its 4-H work. Who can we ask to speak on this?

16:10

Dr. Switzer: I am sure Dr. Rennie can discourse at length on this.

Hon. Mr. Riddell: Dr. Rennie, are you aware of counties not able to provide the services other counties are receiving for lack of personnel?

Dr. Rennie: I assume the county to which Mr. Villeneuve refers is Prescott.

Mr. Villeneuve: Actually, it is Dundas.

Dr. Rennie: There are certain areas in Ontario where the ROS specialist serves a couple of counties. It was split several years ago, based on the numbers and responsibilities to try to even the work load across the province as much as possible. There have been some changes and shifts since the original distribution and the start on that program. Our rural organizations and services supervisor for eastern Ontario, Don Cameron, is going back one day this week—I am not sure of the exact date—to meet with these people and, I hope, to resolve the problem.

With respect to the dropoff in the number of 4-Hs, that is not the case. The 4-H is stronger today than it has been. There have been changes in it. There are more programs now where both males and females are together in terms of financial management types of programs, computer programs, leadership development and that kind of thing where there is no preference at all with respect to sex.

I am afraid that in that area, Mr. Villeneuve, one of the problems is to have a specialist or specialists who are totally comfortable with both languages, French and English. I think this is one of the problems. I hope the people in that area will be patient with our people because it is not always possible to have an English-speaking person who is very fluent in French or vice-versa. I think we can resolve it without any real problem.

Mr. Villeneuve: I appreciate that. Having gone through the 4-H and junior farmer ranks, I appreciate just how important it has been traditionally and still is to our young agricultural-

ists and to those who may not be oriented to agriculture, but who learn and participate in those programs as well. It was brought to my attention that the numbers, in Dundas county in particular, were down. Possibly you can check that for me. It may be a misconception.

Dr. Rennie: I will have that checked for Wednesday's session. I cannot recall the exact county numbers at the moment. Province-wide, our numbers are holding strong.

Mr. Villeneuve: By the way, I discussed this with Mr. Hagarty and I have some correspondence with him on that.

There is another matter, not totally dissimilar to what we spoke about last time around. It is erosion control and it is on the larger concept. Is your ministry planning, in the long term, to suggest to farmers, with monetary attachments, that some land should be taken out of production, particularly land that is currently growing small grains and grain corn?

Hon. Mr. Riddell: We have discussed it. I forget which commodity board was before my senior management staff with the idea that perhaps we should set some land aside. It is not that I object to it; I think it has to be done on a national basis. I do not see a great deal of sense in taking land out of production here in Ontario if the void is filled, if there is a void, by other provinces. If the federal government was to look seriously at setting land aside, similar to what they are doing in the United States, although it has not been all that successful in the US, I could support that kind of program. However, I cannot see doing it on a provincial basis.

Dr. Switzer, would you like to elaborate on it?

Dr. Switzer: Probably the group to which you refer is the corn-soybean producers. They made the comment that it might be useful to take some land out of production. I am not so sure they were as interested in taking it out of production for purposes of environmental enhancement as for purposes of reducing the total production, but the two could go hand in hand.

We have a couple of environmental programs. There is a new one coming on stream in conjunction with the federal people. The acronym for it is SWEEP. I hope Dr. Rennie will correct me if I am wrong; I think it stands for soil and water environmental enhancement program. I hope that is what it stands for. Dr. Rennie, would you like to speak on the enhancement program? It has some components that might fit quite well with what Mr. Villeneuve is thinking about.

Dr. Rennie: There will be an announcement on it fairly soon, once a few more details get to the minister's desk for approval. I believe Mr. Villeneuve is talking about the feasibility of taking highly erodible pieces of land out of production of some form. Is that correct?

Mr. Villeneuve: That would be my suggestion. Possibly we could contribute to considerable reduction in erosion with such a program, and also contribute to reducing the grain glut.

My suggestion is that instead of doing as the Americans have done in taking a block of acres, you could suggest green-belting of crop land that has been growing soybeans, grain corn or other small grains. Some of your best land would be seeded down to a legume crop around the outside, be it 10 metres, 12 metres, 15 metres or whatever, on an acreage basis. The erosion occurs in those areas of those fields.

The producer could be encouraged and paid to seed down those areas to red clover which tends to have a fairly short life as a forage, or to an alfalfa stand which has a considerably longer stand; or to trefoil or something in that area that would stabilize the very productive areas around the outside of those fields. Also, those acres would not produce crops that are in overly plentiful supply as opposed to the way they do it in the United States, where they say: "All right, 25 per cent or 30 per cent of your crop land goes out of production. Take your poorest land out of production and whip the rest of it along. You have possibly 30 per cent of your land not growing any crops. The government is paying for it being in some crop other than grains. With a little additional management and additional input you wind up with as much crop." That does not solve the problem at all.

Hon. Mr. Riddell: I am not convinced that providing financial assistance to farmers to seed down marginal land would be enough of an incentive unless we could practically guarantee them a market for the hay crop. With today's prices, farmers feel they have to make every bit of their land produce a crop they can put on the market. We do not have that much success in marketing hay. We send some hay to the US for the racetracks and what have you, but if many farmers get into the production of hay I do not think we have the markets for it at this time. We are working along with the people who are trying to develop markets for hay, but it is very difficult to talk a farmer into growing a crop for which he knows there is very little market.

16:20

Mr. Villeneuve: I am suggesting that this farmer would be growing the outer rim of his traditional grain-growing fields seeded down to such crops as I have mentioned. We are not talking about marginal land; we are talking about some of the best land but also about some of the lands that are probably the most prone to erosion if they have been growing row crops continuously for a period of time.

If you were to provide a monetary incentive at least covering the cash and overhead costs of ownership with a small return on investment—possibly not the 12 per cent we would like to see, but a small return that is better than they are getting now—farmers might be interested in harvesting these limited acreages on the outer edges of traditional small grain-growing acreages for seed; or if indeed they thought they should harvest it for conventional hay, fine. It would stabilize the areas at the outer limits of these productive fields. It would not be marginal land. It would prevent erosion for sure. I realize it is not a long-term solution, but it would alleviate the problem to some degree, in my opinion, and would not simply block out the poorest land and have the government pay you to grow whatever on it and still whip along some of your best lands.

Hon. Mr. Riddell: We appreciate your views because we consider the erosion problem serious. I have often said that if it were not for the financial plight of farmers today, probably the greatest problem we as a government would have to address, in co-operation with the farmers, would be erosion control. We certainly are stepping up our budget to try to show farmers better ways of cropping and tillage. We have the Tillage 2000 program, which involves on-farm demonstrations of how to till and plant crops to avoid as much erosion as possible.

We will continue to step up our programming. We will take into consideration what you have mentioned. Here again maybe Dr. Rennie would like to comment further on our erosion control policies.

Dr. Rennie: I might just add a few words to what the minister has already said. The deputy made reference to SWEEP. We hope the federal government will have its part of that program on stream fairly soon. This will be a joint program. Our part of it will be a modified Ontario soil conservation and environmental protection assistance program, which we have had going. There will be some changes in that, but the big addition will be the federal government coming on stream in that program. It will be looking at some of the things the minister made reference to, so that

although there is a bit of a lull at this very moment, within the next very few months you will see tremendous activity on that.

More research and development activity will be funded through the federal side; that is one of its responsibilities. A technology assessment panel will be created to look at erosion technology—let us call it that—and some of those things that you and the minister have made reference to. It will be looking at erosion technology and water quality technology from around the world to see whether it applies. If it does, it will fit into some of our ongoing programs. The minister made reference to Tillage 2000. That kind of thing will then be put in place.

There is no question that we will be looking at the type of thing you made reference to, Mr. Villeneuve. An information centre will likely be created, which will be a focal point for information flowing in and out. It will be a centre for farmers, agribusiness or anyone to make contact with. This is part of SWEEP, which has already been announced, but the details are yet to be announced. The federal government is awaiting its final approval on budget before the whole thing can go into full gear.

Mr. Villeneuve: We discussed OSCEPAP last week. We have only one person at Kemptville for all of eastern Ontario, whereas other areas of Ontario have, I believe, a dozen or more personnel. Modified or not, OSCEPAP is being implemented slowly in my area if we compare it to the personnel available to administer it. I realize that it works in conjunction with conservation authorities, the Ministry of Natural Resources and the Ministry of Agriculture and Food, and possibly the Ministry of the Environment as well; I do not know.

These things do concern me. We do have erosion problems in eastern Ontario, as they have in other parts of Ontario—possibly not to the same extent, because we have fewer row crops, but we do have erosion problems. Without solving it totally, what I have suggested could greatly alleviate the erosion problem and take some productive areas out of grain production but still leave a green crop growing on them. It might not be very economical, but with some financial incentive from the Ministry of Agriculture and Food it is workable. A farmer would not be able to cheat by taking out his poorest, nontiled land and then whipping along some of his best stuff. It would apply to all of the acreage, or to a percentage of the acreage that is now in the production of small grains and forage crops.

Dr. Rennie: I might just add a comment. The distribution of our soil conservation specialists was a judgement call. It was made on the basis of where we saw the biggest problems at this time. We hoped to zero in on them.

As well, one of the main objectives of the program, as a follow-up of the former work that was done on the International Joint Commission, is to reduce the phosphorus loading of the Great Lakes. It is obvious from the studies which have been done that most of that is coming from southwestern Ontario.

We fully appreciate that you have erosion problems down there, just as they have in northern Ontario around New Liskeard in the Timiskaming area. There is no question that there are a lot of soil erosion problems there, but in so far as the damage to the Great Lakes system is concerned, it is in the southwest part, and so that is why the decision was made to zero in there first.

Mr. Villeneuve: I can appreciate that. One final question for this particular round concerns the production of grain alcohol, gasohol or whatever. Mr. Brubaker in your ministry is more or less in charge of this. I have been in contact with him, as I have been with the minister.

Can we expect, within the foreseeable future, any sort of development at the large white elephant that we have adjoining the town of Prescott, where there are huge elevators along the St. Lawrence Seaway, with rail lines within a stone's throw, and those elevators are literally doing nothing? They are storing some grain in them because of the lack of storage facilities elsewhere, but sooner or later there should be an incentive—and it should be sooner rather than later—to produce a considerable amount of the ethanol additive that would supply the octane to our conventional petroleum products. Getting grain production into nonfood uses would also alleviate the grain glut. The more quickly we do that, the better it will be, not only for the agriculture industry but also for the environment. We are dealing with a renewable source of conventional gas or petroleum, and it is a clean-burning gas additive. Do we have anything new on the horizon in that area?

16:30

Hon. Mr. Riddell: I do not disagree with what you have said. I see it as an alternative market for corn, which we are able to produce in abundance. I can recall talking about the same thing years ago as opposition critic and asking why we were not turning more of the corn and other products into the production of ethanol. The response at that

time was that we could hardly justify using a food crop as an additive or an alternative fuel when it was needed for food. Times have changed; our view on this has changed.

Mr. Villeneuve: So has the government.

Hon. Mr. Riddell: The government has changed, and I am a real environmentalist. I know that a lot of environmental pollution is caused by the exhaust of cars, which I think we could largely eliminate by using something other than lead as an alternative to fuel additives. We are doing some work on it, as you well know from talking to Mr. Brubaker, and we will likely be doing more. Dr. Rennie, do you want to comment on it?

Dr. Rennie: I do not have much to add, other than that during the past year at least two proposals have come in from private industry, and our staff, Don Gallagher and Ed Brubaker, have been working with the proponents.

It is a cost situation, whether you can turn a buck on it. As well, there is a byproduct in producing that for which they hope they can find a market.

Mr. Villeneuve: We have lots of livestock out in our country.

Dr. Rennie: That is true. The density of the livestock population has to be within a reasonable distance for transportation, because from studies the staff have done this year, you cannot haul it very far before the economics break down. However, it has been looked at, and I agree with the minister that it is something we must not put on the back burner. With the changing price structure of our grains, the break point could come at any time.

Mr. Villeneuve: I would strongly suggest that you seriously look into it and provide some tax incentives or tax breaks to private industry. That is who should go into it, they could make it work.

Hon. Mr. Riddell: Provided the economics of the thing look right; that has been the drawback over the years. The economics of producing an alternative source of fuel have been wrong, particularly today, considering the price of fuel. The economics are still wrong. If we overlook the economics, from an environmental standpoint—I guess that is what we have to come to grips with—I think you will see this ministry make some progress on that.

Mr. Villeneuve: We will be watching.

Mr. Lane: About a year ago, you and I had some discussion in the House during question period on the national beef stabilization program and how it could affect the cow-calf operator. As

I recall, I asked you whether there would be any assistance in 1985, and you said it was not likely, it would likely be 1986. Now that I and the farmers in my area have had a look at the program, we do not see any assistance—or very little—for the cow-calf operators. Without the cow-calf operator, we do not have an industry. Without the baby, you do not have anything else. How do you see it?

Hon. Mr. Riddell: The reason there was no assistance in 1985 was that we did not have a program in place for the cow-calf producer; but had a program been in place, there still would not have been a payout, because the price of calves exceeded the stabilized price.

Since then, we do have a cow-calf program in place, but calves are selling reasonably well. When I was out to the last agriculture ministers' conference in Vancouver, my provincial counterparts were coming up and saying, "Boy, things must look good in Ontario." I said, "Why?" They said: "Your guys are coming out and paying \$1.25 or \$1.30 for calves. There has to be a lot of optimism in the beef business back in Ontario." It surprised me a wee bit that our producers were going out there and paying those kinds of prices, and then you get talking to the Ontario cow-calf operator—my colleague Mr. McKessock is one—and if you were to talk to him, you would find that he is pretty pleased with what his calves brought on the market.

The fact is that the calf price is higher than whatever the stabilized price would kick in at. Mr. Ediger, our expert on this matter, who happens to sit on the stabilization committee, can perhaps add some words of wisdom to this subject.

Mr. Ediger: The stabilization programs, the tripartite programs, are relatively new. The cow-calf stabilization program, or the calf program, uses the 10 historic years in order to set a stabilization price. It is then stabilized at 85 per cent of that and adjusted for inflation so that it is brought up to a common figure.

As the minister indicated—and this is very true—the calf prices are strong enough. As you know, this industry is quite cyclical. The farmers are saying that given the strong price and the fact that people are beginning to hold heifers off the market, it may be strong for quite some time. Therefore, our enrolment in the cow-calf program is quite low. However, it is quite low right across Canada. Alberta's enrolment is about the same as ours; it is about 15 per cent. Of course, the penalty for coming in late is that all they get is 50 per cent for one year, so that if you see the

price being strong for the next four years, you still can wait and come in at a later time. That is the way the program is set up and that is the way the farmers are reading it to a large extent.

Beyond that, as you also know, our cow-calf industry in Ontario is a scattered industry, the average-sized herd being about 16 or 17 cows. This means that a lot of these people have even fewer than that. It is part of their total farming operation, or it is a part-time job for them. Therefore, they are not as inclined to enrol as the finishers are or the hog people are. Thus, a number of things indicate that we never get as many of them enrolled as we might in some of the other programs.

Mr. Lane: I agree that you would not get very many enrolled, because there is nothing in the program for them. You talk about strong prices for calves. Maybe that is the case out in British Columbia, but as I recall the Manitoulin cattle sale this year, the highest load was about \$1.05. The cost of production is way above what we are getting for our product.

The thing that seems to be forgotten with the cow-calf operator is that you have to have your money invested for a long period of time, whereas the stocker and feeder can turn pretty quickly from having a large amount of money invested to having not very much invested. If you are going to be a cow-calf producer, you have to have a lot of money in heifers for three years or so to get that first crop of calves, and when you figure the interest on the money you have invested and the cost of running a farm, at \$1.05 it is costing about \$1.20 to produce that darn calf. We have pretty good quality cattle in Manitoulin, as you know, and yet I think only one load went for more than \$1 this year.

16:40

Hon. Mr. Riddell: Mr. Ediger is sitting on the committee and knows how they arrive at the stabilized price. It is my understanding that costs of production are taken into consideration.

Mr. Ediger: All programs follow historic prices. In the cow-calf one, it is only the historic price. We use the past 10-year average price and take 85 per cent of it. The intent of all the stabilization programs is not to say we will return you the cost of production. The formula does not guarantee a cost of production. The formula in some of the others uses cash-cost figures. All the formula says is we will take the lows out of the marketplace. If the marketplace is returning a lot to the farmers historically, our stabilization price will be high. If the marketplace historically is

returning not too much to the farmer, the stabilization price will be low.

Other provinces in the past have used the cost of production formula to stabilize. If you use the cost of production formula, you will soon be into supply management because, generally, it tends to move up fairly quickly. Then the pressure is always to increase the cost of production. In any place where we have used cost of production formulae we have supply management. The stabilization committees in all instances have not used a cost of production formula to establish stabilization prices.

Mr. Lane: That is a problem with the program as far as cow-calf producers are concerned.

Mr. Ediger: When you are talking about local prices, we use national prices. The local prices are used in establishing a national price.

Mr. Lane: That is a problem as far as northern Ontario is concerned. Over the last 10 years, there have been about two good years and about eight poor ones, so you establish your price based on that. That is never going to be of any assistance to the people who are in business today.

The only reason they can stay in business is some of them have the farms and machinery paid for, so they can operate at a loss for a greater time. There comes a time when that machinery has to be replaced. We are working on marginal farm land. In most cases, we cannot grow cash crops because of our short season and small acreage of productive land in any given area.

We are working on producing a needed commodity on marginal farm land, and if we cannot continue to produce calves on that type of land, then it goes out of production altogether. We do not have any recourse in my riding. We are operating on a loss. We can only operate so long and we are out of business.

Mr. Ediger: The stabilization formula, had it been in place for the last 10 years, would have paid out fairly big payments in some years. If it had been in place when we had that program in the mid-1970s, it would have paid out fairly big payments. There would have been big payouts again later on. The formula itself would make fairly big payments to the cow-calf producer.

I agree it is not going to guarantee a cost of production, but then cost of production is an elusive figure anyway, as you know.

Mr. Lane: I suspect it would cost much less per pound to produce a calf in Alberta than it would in the northern part of Ontario. I do not know, but I suspect that is the case. I also suspect

that if they had brought on the stabilization program at another time of life, we might have had a better 10-year average than what we have had; 85 per cent of the last 10 years has no incentive in it for the cow-calf man—even 100 per cent would not. I suspect we will have supply management in Ontario, or at least in my part of Ontario, before very long, because I do not think there is any other way we can stay in business.

Mr. Ediger: All I am commenting on is the stabilization program, and how it works and its intent.

Mr. Lane: I appreciate your comments. I just wish there was a future in our industry for the cow-calf producer because it is really about all we can do in northern Ontario, or at least in a good share of northern Ontario with the kind of farm land we have. It would seem that we have to look to tourism or something else to replace the cow-calf operator, which is unfortunate because many people are equipped with barns and equipment to maintain a cow-calf operation and it would be very difficult to do anything else with it.

Hon. Mr. Riddell: With the farmers who comprise this committee, along with federal and provincial government representation, I am sure the committee is looking at all of these views. Are they not, Henry?

Mr. Ediger: Yes.

Hon. Mr. Riddell: If they feel there need to be improvements for the cow-calf man, I am sure that they will act.

Mr. Ediger: The part that is not carved in stone is the 85 per cent of the past five-year average. As the minister has indicated, right now calf prices are relatively strong. Even if we were considerably higher than the 85 per cent a payment would still not be triggered at this stage.

Mr. Lane: I was hopeful that it would have resolved some of our problems, but unless there are some drastic changes in that 10-year average for the cow-calf, I really do not see any future in it for our people.

Hon. Mr. Riddell: You are aware too, John, that there is assistance for the cow-calf operators under our red meat program?

Mr. Lane: Yes, but again it does not seem to kick in sufficiently to encourage anybody to want to stay in the business.

Hon. Mr. Riddell: A lot of the cow-calf people we talk to are pretty happy with the red meat program.

Mr. Lane: What kind of dollars have been paid out? Can you tell me?

Hon. Mr. Riddell: Do we have somebody here who can answer that?

Dr. Switzer: I do not know if we could give you the exact dollars per area, but certainly my understanding of the red meat program is that in large part it was hoped to stimulate the cow-calf industry in Ontario because some folks thought, and I agree with this, why should we have to go to Alberta to get our replacement young calves and cattle for the people who want to fatten them here. Why do we not produce them in Ontario? I know that was very much the thinking at the time that program was put in place. We hope it did have not just incentives but more items in it that would keep the present cow-calf producer in business and help him produce more of the total amount of calves that we need in this province.

How much has actually come out I cannot give you right offhand. I do not know whether Dr. Rennie would have any of these numbers at hand, or Mr. Ignace, who is checking over his books.

Dr. Rennie: I am working on it.

Mr. Lane: At some future time, maybe you can have him come up with some figures.

Dr. Switzer: Yes, I think that might be best to do.

Mr. Lane: I have not heard from my farmers to the point that they have been dissatisfied with anything that has happened in our area. If there is something that we are not getting the best from, then we should know more about it.

Hon. Mr. Riddell: I hope your farmers are aware of our red meat program and are participating in it, because they certainly cannot lose anything.

The Acting Chairman (Mr. Knight): Mr. Lane, it looks as if Dr. Rennie just may have your answer.

Dr. Rennie: Last year approximately \$6.8 million was paid out on the red meat program. That was the second year of the program. I do not have the first year, but it was a little less than that. This year is the third year of the program and it is going to run considerably higher. The budget for that is \$12.5 million.

Mr. Lane: You are still running under budget?

Dr. Rennie: We did in the first two years. This year it could be right on.

Mr. Lane: I will have to look a little more closely at that program and see if I have all the information I should have.

Hon. Mr. Riddell: The figures I have here, as of August 1986, show that enrolments in the red meat plan represent two thirds of all eligible cow-calf producers. There are 5,100 producers participating in the red meat program. To be honest with you, I have not had one cow-calf producer criticize the program. I have had some suggest that we raise the amount of the grant that is paid. These are all things that we are looking at.

Mr. Lane: That program sounds as if it will provide a lot more help for the future than the stabilization program did as far as our people are concerned. Thank you very much. I will feel confident in talking to the farmers.

16:50

Mr. Bossy: I would like to ask about trade. First of all, I must indicate I am sort of sad that we should be talking more in the area of encouraging farmers to get out of production, as we heard earlier. It is a sad commentary that we have come to the point, with as small a population as we have in Canada and with the overall number of farmers, that we are looking at a group of people who are producing so much more than we can consume.

How aggressive are we in marketing world-wide? There is an awful lot of discussion now on trade between the United States and Canada, but how far out are we reaching? I am asking the marketing people of the Ontario government who are trying to promote our products how far out they are reaching.

I want to add to that, because I know that at the federal level they are extremely poor sales people in promoting our agricultural products in other countries. They are so dependent on trying to go through embassies with people who have very little experience and knowledge in agriculture because it is so diversified. Outside the United States, and we are maybe talking about the Pacific Rim countries, how much contact does the province have in selling products or identifying what products those countries could use, which we may not even be producing but could produce?

Hon. Mr. Riddell: To address your first concern, and I guess you were not here when I responding to Mr. Hayes's question on the farmers in transition program, this government is doing nothing to encourage farmers to exit the land. Our FIT program was put in place to help farmers stay on the land. We also have to face reality, and the reality is that some farmers cannot stay on the land, no matter how hard they try, no matter what we as the government can do.

Some farmers, and they acknowledge the fact themselves, are going to have to exit the farm. Therefore, a small portion of our FIT program is designed to help those farmers exit the farm with some dignity. We want to help them train for other lines of endeavour. We want to make sure they have sufficient rent money. I have met with the banks and I have told them to show a little bit of mercy and compassion towards these farmers. "Do not take everything out of their billfolds. Leave them something with which to become re-established." Banks do co-operate, some better than others.

I want to clarify that point. This government has done nothing to encourage farmers to leave the land. Our program was designed to help them stay on the land, and we have helped quite a number of farmers to stay on the land who otherwise would have left.

It is not often you receive a phone call giving you credit for anything, but I received one from a young man who was farming. Every time he phones, I know there is going to be some criticism. This time he phoned and said: "I want to thank you for your FIT program. My wife and I were at our wits' end. We thought we were done. Your FIT advisers came out and showed us how we could restructure. We are going to be in business." That is just one example of many where our FIT advisers have helped farmers.

To address your second question, we are spending more time and money on developing export markets. Since I became minister, we have opened four new trade offices in the United States. Dr. Switzer, I think I am right. The part I could never understand was why we did not exploit more of the US rather than only that portion immediately south of us and the Great Lakes area. Therefore, we have expanded and reached out. We have placed more trade offices throughout the US. Since doing so, we have actually made this province millions of dollars.

We have a person who is working practically full time in Japan, in the Pacific Rim countries, developing markets there for us. I could go on, but to get it right from the horse's mouth, from someone who accompanies some of these trade missions, I would like to turn it over to Dr. Collin.

Mr. Stevenson: We got it from one end of the horse; now we will get it from another.

Dr. Collin: I had trouble hearing the question. It is rather hard to hear in the back.

Hon. Mr. Riddell: What are we doing in the way of developing markets?

Dr. Collin: I think you have really asked how aggressive we are in the international markets. I heard you talk about what we are doing in the US and internationally. The minister very effectively pointed out the new offices established in the US, the activity in Japan and the Pacific Rim and also in London, in the United Kingdom, which is very effectively and very well served by one of our staff members.

I will expand it a little. There are two types of missions that we use to look at international export markets. One is the outgoing mission, where we provide transportation and direct assistance to companies, individuals and marketing boards to travel to a foreign country or groups of foreign countries, where our own staff have travelled and done study missions before they go. On the basis of that study mission, a very direct outgoing mission is made where opportunities for trade are followed up.

The other one is the incoming mission. This is a very effective way of dealing with international market opportunities. The specific buyers of foreign countries are brought into our province, particularly to see some of the outstanding quality aspects of our commodities, some of our food products and our transportation systems. I guess the bottom line is to show how our Ontario products, both commodities and food products, are of outstanding quality to meet international needs. During this last year, the efforts of our export marketing people have been assisted by including a broader range of categories, whereby we do not deal just with commodities but we can now very effectively deal with value added products.

I might ask Grahame Richards, who is branch director of our market development branch, to come forward and give you more details, if the committee is interested in the details of some of these markets.

I had a tremendous opportunity to travel on two of these missions in the last year and a half, one mission to the United Kingdom and west European countries with the Ontario Bean Producers' Marketing Board. They are selling an extremely high quality product in a market where our people do a fantastic and very great job. It is very aggressive selling. This fall I had a great opportunity to go to the east European countries to address some of the opportunities we have in grain corn crops particularly. This was a follow-up to a sale this spring of the hundred thousand metric tonnes of corn to the USSR.

Right now, there is a trade mission in the Pacific Rim. Some of our staff, who would

normally be here, are now following up some of the details in countries such as China, Japan and some of the more southern countries.

I introduce Grahame Richards, who will give you more details.

The Acting Chairman: Welcome, Mr. Richards.

17:00

Mr. Richards: You are talking about escalating programs. To add to what Dr. Collin said, when I joined the ministry four years ago we had four or five people involved in developing international trade. The number of missions we ran that year was about 25, and that was a combination of outgoing and incoming trade missions. By the time we have completed this fiscal year, there will be a total of 151 trade development activities. That is a combination of attendance at trade shows, outgoing missions, incoming missions and a program we have to sponsor new exports to border states of Ontario.

We have expanded the organization. As the minister said, we now have five people in the United States. They are US citizens who represent us out of Ontario government offices in the US. We have an office in London, England. We will be recruiting in the spring for an Agriculture and Food development officer in the Pacific Rim to add to the one person we now have who does trade development there.

There are not many major areas of the world where we have not run a reconnaissance mission or taken an actual trade mission in the past two or three years. You can almost list on your hand the few places we have not explored. They are places that do not have any money or have political turmoil. We are not allowed to go to places such as South Africa or Iran. Basically, for every other country where there is some importing of foodstuffs, and they import things we grow or produce, we have researched them through personal visits or taken companies on organized trade missions.

We try to measure the results of our program by asking the people who participate in the missions to give us a forecast of the sales that will accrue in the coming years as a result of the contacts they made with brokers, distributors or importers on the mission. I was asking my staff today what the number was up to this point this year and they say the total is nearly \$85 million of sales influenced by these activities. These are obviously estimates, but in the past we have gone back and audited the figures and the people giving us the numbers have usually tended to underestimate because they have to report the

same figures to their bosses. They tend not to want to look silly.

In our view, it is a very effective program and it has been significantly enhanced over the past four years.

Mr. Bossy: Do we do enough follow-up on these trade missions? This is what I am a little more concerned with. We make a big spiel and travel through these countries. Then we may wait two years before we are ever seen there again. In a lot of cases, the countries where we now are trying to branch out in to tap markets are financially strapped. It nearly has to be trade on a nation-to-nation basis rather than having a private businessman go and arrange a business transaction. Usually, he will need considerable help from the provincial or national government.

With trade missions from the federal government, how much tie-in does the province have to our private businessmen who are going there and doing one-to-one business? How far are we reaching out beyond that as a government to help these businessmen go beyond their means? A lot of them do not have the means and are passing up good orders that could be exchanged.

The in thing today is talking automotive trade with all these countries, but we should be more visible in agricultural trade. Knowing there are millions of starving people in the world, how can we get to those people, whether it is by barter or whatever avenue we may want to look at as far as trading is concerned? How expensive is it just to visit this year and then forget about it and hope something develops? Having been a salesperson for 18 years with Canada Packers, I know that most of the time you only make the sale on the third call.

I am looking at the persistence. How aggressive are we? Have we put more manpower, more person-years into place? Maybe we should be looking at financing more person-years and addressing that because it directly helps the farmer here.

Dr. Collin: Can I start off? As a newcomer to the trade aspect, it is a little fresher in my mind and it has impressed me very much. The trade mission often goes out on the recommendation of the Department of External Affairs that there is a market. Nationally, as Canadians, we feel we can go into such a market and effectively sell to it. This recent one into eastern Europe was basically on the recommendation of External Affairs. The embassies in the respective countries said: "Yes, there is a market here for Ontario commodities. You should come in with these companies and follow it up."

It ties in very nicely with our co-ordination with the federal Department of Agriculture, because where we have success in these kinds of missions there is an umbrella agreement between Canada and the country we are marketing in, usually through the Department of Agriculture. We go in under that umbrella of trade negotiation and agreement. It is the first attempt, and it is usually followed up with repeated visits.

The intention of our ministry staff is, as Mr. Richards says, to reconnoitre a market after the recommendation of the federal government, go in with the first group and then make provision for specific follow-up of individual companies that see a market opportunity.

In the next two weeks, marketing staff will address the long-term planning for all of next year based on what has been done in recent years and their success rate. In making decisions, they have a very carefully integrated plan to go to the markets with the best opportunities.

The other issue you raise is very interesting. What responsibility do we have in marketing to address problems of hungry countries or problems of currency in countries? I do not think it is our mandate in marketing. That is a much broader issue. We can open some doors to assist commodities and assist marketing boards to find a share of that kind of market, but ours is primarily a marketing responsibility.

You have asked a lot of questions.

Mr. Bossy: I know. This is my last comment. I do not want to sound critical because of the federal government. I happen to have served federally. I was critical of the government of the day, which was the previous government. The former Minister of Agriculture was intent on bringing in Canagrex. He had identified that there was a real need for it. Now the whole thing is to use External Affairs, to work in concert with the embassies; most embassies or people in External Affairs do not know the difference between a soybean and a kernel of corn, so how aggressive can they be in a country? They may know a lot about a lot of other things, but agriculture is usually lost and nobody wants to be troubled by it. It was the same thing in the federal government when I was there. We had only a few members who understood or knew how to put in a garden.

I am sure that when you go to these embassies on your trade missions or work with External Affairs people, they do not have a clue as to what agriculture is about. That is the sad reality we face today. In the province itself, our minister knows the problems we have. To extend it, we

know we must have more people with expertise in these countries to make contact and know what they are talking about in the first place. You would see more trade missions going across on agricultural products if there were people in External Affairs and the embassies who knew something about agriculture.

17:10

Dr. Collin: I have heard that comment many times, and I can only reply with my personal experience. I guess I have been awfully lucky. On every foreign trade mission I have attended, the staff the embassies have provided may not have been trained in agriculture, but the ambassador seemed to be pushing them to have a sensitivity to agricultural opportunities. I guess it is the luck of the Irish, but on every trade mission I attended, we have had super support from the embassy staff. Without that support, we could not have done any part of what was accomplished. I am a lucky individual in that regard.

Mr. Hayes: I have a supplementary question. When the minister was answering Mr. Bossy's question he alluded to the farmers in transition program, so I guess it would be appropriate to discuss that a little further.

Mr. Chairman: Do you want to finish anything off on this item?

Mr. Hayes: If Mr. Bossy has another question, he may go ahead.

Mr. Bossy: After the minister made the reply concerning the FIT program, it struck me that you see millions of dollars being offered by the federal government to help farmers get out of business and you see other political statements to take farm land out of production, that perhaps we should look at taking farm land out of production because it would be in line with what has been going on in the United States. That concerns me. I know the minister's feelings on it, since he is a farmer. It is extreme when you have to help someone get out of it. At least in Ontario, we should be trying to do everything in our power to keep them on the farm by finding every last avenue we might pursue to keep these farmers producing food and not put them out of production.

I am sorry about that. I am all done.

Mr. Hayes: I am not disputing with the minister that the FIT program might have helped some people. You mentioned you got one or two compliments. I still have concerns about the program and I am still not convinced it has not encouraged some people to leave the agricultural industry. If I heard the figures correctly, you

mentioned you had 180 applicants, with 156 approved and 20 pending. Of the 180, were these people in a real financial crisis where they were right at their wits' end and had to leave the farm? You say 156 were approved. I did not catch it. Approved for what? Approved for financial assistance or approved for assistance for other careers?

Mrs. Burak: Coming back to the 156 that have been approved, the approval refers to giving people some emergency re-establishment assistance, an initial cash grant that everybody gets—as the minister said, some people were not in a position even to pay some rent—and also giving them a wage subsidy so they can get some on-the-job training. It is important to put these statistics into perspective. The FIT program was introduced about a year ago, in December 1985. When we initially brought in the program some of the first people to take up the re-establishment assistance component were already bankrupt. They were either already bankrupt and destitute or were about to leave the land within a few days.

In bringing in the FIT program, we hoped that, over time, people would take advantage of the farm family adviser portion of FIT, the peer counselling, early enough so that they would have an opportunity to restructure and take advantage of some of our other credit assistance programs before they got to this stage.

When we brought it in, we brought it in with the advice of and in consultation with farm groups. With the exception of one farm organization, all the others came forward and encouraged the government to do something for the unfortunate few who had to get out to help them get out with dignity. Also, some find the situation so stressful that they want to get out of their own choice. With the exception of one farm group, there was a great deal of support for that, and from church groups as well. On the first lot of applications that went through during the first few months of the program, the people were insolvent and there was no hope for them.

Mr. Hayes: How many people who were close to bankruptcy were able to stay on the farm?

Mrs. Burak: I will try to get for you tomorrow, from our farm financial assistance programs branch, the people who were counselled by farm family advisers. I know there were some who were assisted with restructuring plans and who, as a result of some advice from a peer, were able to stay in farming. Unfortunately, this program has been in operation for only about a year. When we look at the statistics, I think it will

be proved that a large number of the first 419 were already in great difficulty. Had there been this kind of service before we might have been able to help more of them. We can take a look at how many of the 419 are still in farming.

Mr. Hayes: We can look forward to getting a finalized report on this before long, then we will have a better idea.

Hon. Mr. Riddell: The proof of the merits of the program is that the federal government chose to adopt a program that is very similar, if not identical, to our FIT program. Acceptance of applications for the re-establishment assistance component of FIT was terminated on September 10, 1986, as a result of the introduction of the federal Canadian rural transition program. Under the new program the federal government has established, 178 applications have been received to date, 87 of which are from the southwest, 66 from the central region, 11 from the north and 14 from the east. It is an interesting breakdown.

Mr. Hayes: With the way the federal government has been doing some things lately, with the way it talks about free trade, drug patents and a few other issues, I would not use it to give credit to your program.

Hon. Mr. Riddell: Mr. Wise is a farmer himself and I think his heart is in the right place. I am not going to speak for other government programs but I think Mr. Wise is doing what he considers necessary to keep our farmers in business. We try to co-operate as closely as we can. I applaud him for looking at the merits of our program and implementing a similar program. I was sure it was going to come, because at a conference of agriculture ministers Mr. Wise asked me to explain our program to all the ministers at the table. Obviously, he saw the merits of the program and he has introduced one that is identical to ours in most respects. I do not think one can criticize the program too much.

17:20

Mr. Hayes: If you look at the reports in the media, for example, I think you will agree that Mr. Wise put more emphasis on training people for other fields than he did on preserving the family farm. I will wait for complete statistics on this matter. I appreciate it.

Mr. Villeneuve: As a supplementary to that, Minister, would you have a breakdown as to the commodities these farmers were involved in? That might be a very interesting breakdown.

Hon. Mr. Riddell: You want me to give you the breakdown? As I said, 87 applications were received in the southwest: tobacco, six; beef,

four; cash crops, 17; swine, 21; mixed livestock and crops, 34; cash crops and dairy, one; market gardening, two; mixed livestock, one; dairy, one.

In the central region: market gardening, four; beef, four; cash crops, 11; tobacco 12; swine, 15; mixed livestock and crops, 13; dairy, three; poultry, one; mixed livestock, two; mink ranch, one.

In the north: beef, two; mixed livestock and crops, four; dairy and beef, one; dairy, one; cash crops, three.

In the east: mixed livestock and cash crops, two; poultry, one; cash crops, one; beef, two; dairy, four; swine, four.

Mr. Villeneuve: We have a real cross-section there. It would indicate some areas more troubled than others, but you cover the spectrum. Thank you. That is very interesting.

Mr. McGuigan: I just want to make a few comments, one about the fuel alcohol program because it is a concern of mine and I follow it through the Ministry of Energy. One of the things that is holding us back is that in the United States they have put a very low tolerance on lead in the fuel. We are not going to match that, according to the federal people, until 1992. As long as we have continued use of lead until 1992, it makes it very difficult to institute a fuel alcohol program. Certainly there are the economic considerations involved. One response is that it is more effective to use those dollars required to subsidize fuel alcohol directly to subsidize farmers through such programs as the Ontario family farm interest rate reduction program. I am against that kind of choice.

One of the comments is that you can use the money more effectively by putting it directly to the farmers than putting it through the fuel alcohol program. From an environmental standpoint of getting lead out of gasoline, there are certainly many reasons why we should be using fuel alcohol, but the federal people have not seen fit to match the American standard.

I wanted to say some things about soil erosion which, as you know, is a continuing concern of mine. Even when I am in opposition, it is still a concern. The first things I am going to say are good. I am taking this from Jots and Thots by Barry Fraser, the ag rep for Kent county, published by the Ministry of Agriculture and Food. I want to quote a couple of paragraphs and I hope you will bear with me.

The title is "More Soil Being Saved" and it is by Adam Hayes, soil conservation adviser.

"In driving around the country this season it is very encouraging to see the number of farmers that are involved in some form of soil conservation. The percentage of chisel-ploughed/soil-saved land has increased over the last several years. This certainly improved visibility on windy days in areas prone to wind erosion. A reduction in tillage depth and number of passes leaves more residue on the surface and does not break the soil as much, making it less susceptible to erosion. Through the use of narrow bottoms and shallow ploughing, the moldboard plough is being used as a conservation tool on many farms. Many ploughed fields around the county have up to 20 per cent residue when ploughed this way. Well-maintained windbreaks are now very prevalent along many fields. They are growing rapidly and many are already reducing the damaging effects of wind."

Just to make my own comment, in the first few years those spruce and cedar trees grow so slowly it is hardly evident they are growing. You need to put a stake alongside them to see if they are moving at all. However, once they get a good base, in about 10 or 12 years, they really grow. We are starting to see those now in Kent county; not as many as there should be but as the author says, you can see them.

"Cover crops are evident on many fields this fall, on fields that are prone to wind and water erosion. Rye, winter wheat, Austrian winter peas and spring cereals will do an excellent job of keeping the soil in place and they can add extra organic matter to soil at the same time.

"More and more acres are planted using no tillage at all. No-till wheat into soybean stubble was tried successfully on many fields last year and is being tried again this year. Relatively inexpensive modifications to planters have helped the no-till corn and soybean acreage to expand. Response to the Ontario soil conservation and environmental protection assistance program in the county has been good. This is evident by the number of grassed waterways, tile outlet protection, buffer strips and windbreaks that are visible in and around so many fields. These structural erosion controls are being implemented along with conservation tillage systems to form a complete soil conservation package.

"A lot of work is being done and the farmers involved should be commended. There is still much to be done to preserve the productivity of our soils. Assistance is available through the OSCEPAP grant program and equipment and

information on soil conservation are available through your soil conservation adviser."

There are some of the positive results from the programs implemented over the last four or five years, and particularly the last couple of years. In spite of that, I still see a need for a great deal more work to be done. In the last few years, we seem to have been putting our emphasis on different cultural practices and we have shied away from the old structural patterns that the US Department of Agriculture developed back in the 1930s.

That was a matter of contour-ploughing and diversion ditches and those structural types of things you can still see in the US if you fly over some parts. I noticed it flying over Washington and western Maryland a couple of years ago. Coming from Washington back to Toronto, for the first 200 or 300 miles you could look down and see a lot of those structural patterns where they have apparently adopted and accepted that method of farming.

There are areas in Ontario where we could still be using those. One area that comes to mind is the area above Rondeau Harbour where they have been doing a lot of work and have made a lot of progress, but still when you drive along there you see the effects of sheet and rill erosion very much in evidence.

It seems to me we need to marry the two concepts: the old concept of the USDA, which was structural, and the present concept we are following, which is all in the manner of different tilling practices. It seems to me we need to marry those two programs to achieve more conservation.

This brings me around to the point that the member for Lanark, Glengarry—and what else?

Mr. Villeneuve: Stormont, Dundas and Glengarry.

Mr. McGuigan: Bill Davis used to have problems with Bob Nixon's riding. I can think of an excuse for everything.

Mr. Villeneuve: No problem.

Mr. McGuigan: In Kent county, a flat county, these tillage methods are starting to have an effect. Driving along, you will see backhoes working, cleaning out ditches. It is costing a lot of money to do that work. Those things today cost you \$50 or \$100 an hour to run, all of which is being borne by the farmer, the county and the Ontario government.

17:30

Driving around, you will see farm land cultivated right to the edge of the ditch. With the big cultivators we have today, it is possible to

drive along and actually have your disc or cultivator overhanging empty space. A few years ago you could not do that because the equipment was not wide enough. If you have to get that close with your tractor, you might topple your tractor. You can see little gullies forming from the field down into the ditch, which in themselves may not account for an awful lot of erosion; nevertheless, they do account for an awful lot of land that ends up in the ditch and has to be taken out.

We have to come to the point of asking ourselves what is wrong with our past programs, because in both the US and Canada a lot of money has been poured into soil conservation. We are not suffering soil erosion because of a lack of interest or a lack of money on the part of the government, particularly in the US where they have been ahead of us for so many years.

The problem really is attitude. This is where researchers and government people in the past figured, "All we have to do is go out there and do a lot of research and demonstration and it will become quite evident to the farmer that it is costing him money because his soil is being degraded. As a good citizen he should make all these changes." Yet the changes are coming very slowly, which leads me to believe there are areas where we could, through the use of money, encourage the farmer to make changes such as a good wide buffer strip along the ditches.

In the end, I think it would not cost the governments of Canada and Ontario any money if you applied some of the money that is now going to corn stabilization. The stabilization payment this coming year is estimated to be better than \$1 bushel. In our part of the county we have 150 bushels to the acre, so we are looking at payments of \$160 or more per acre to the farmer; yet in the end, given the low price of corn, it is very questionable whether the farmer made any money on that acre of corn. Whereas you might be able to give him that money to grow red clover or an alfalfa crop, even without a market for that crop, simply to grow the thing as a soil and ditch conservation method, and as a tax dollar conservation method on what is spent in cleaning out the ditches.

I suggest it is not sufficient that we do research and preach, because one of the problems with our preaching is that we tell the farmer, "If you do not change your ways your soil is going to deteriorate and your yields are going to go down." All the while his yields are going up. If you take a look at our crop yields in Ontario over the last number of years, they keep going up two and three per cent a year in spite of the neglect in looking after our

soils, because our research people are actually turning themselves to dealing with the poorer soil that we have. They are finding better ways to grow bigger crops on poorer soil. The breeders have been particularly effective in this, bringing in new soybean varieties all over Kent county in soils that are compacted. We know they are compacted because you see the water standing on them after it rains. Still, they come up with yields that are 60 bushels to the acre.

You are kind of preaching to deaf ears when you simply go on with this method of stewardship of the land, suggesting they should be doing better otherwise they are going to have a poor yield.

I suggest we need to broaden our approach, do the things we are doing currently but make that approach broader and in some cases offer the farmers money to do certain things. I think you could offer that without it really costing anything in the end. It will have some effect on educating people that they do not have to plant fence to fence or ditch to ditch to have a very successful farm. That is the area where the attitude is very difficult to change, because a farmer looks at his situation, his bank loan situation and his cash flow, and he has to keep this money coming, he cannot make the break and retire a certain amount of land; because of his debt situation, he has to keep it moving.

If you could guarantee that his situation would be no worse than it currently is or perhaps even a little better, then you get that factored into the program and you start to see that instead of applying nitrogen here with my clover crop and my alfalfa crop you might be able to change some of those attitudes. You might be able to break some of the cycle.

I tend to agree with my friend here who suggests that we encourage them to put in buffer strips and other things.

Hon. Mr. Riddell: I share your views and your concerns. I do not like to see cultivation right up to the ditch. As a farmer with a municipal drain that crosses our land, I do not think we would be cultivating right up to that municipal drain. We would be leaving a grass strip so that there is sheet or rill erosion on the land, but at least the grass strip is going to prevent the rill from extending into the ditch. I do not know what we do about that.

I do not know whether there is any way of controlling or preventing farmers from cultivating right up to the ditch. I would be interested in pursuing that, because I think it should be stopped. I just do not think we should be

cultivating our land right up to that ditch or municipal drain or whatever it may be.

As far as providing grants for erosion control devices, we do that now to a certain extent under OSCEPAP. We do provide grants for such things as grass waterways, and for drop pipes. Dr. Rennie, perhaps you would like to comment on some of the other devices we provide grant money for.

Dr. Rennie: You have done very well, sir. Grading.

Mr. G. I. Miller: Does that include fresh water sediment ponds, specifically in Norfolk county?

Dr. Rennie: I do not think so.

Mr. G. I. Miller: One was put in at the request of the Ministry of Natural Resources and because it is a fresh water spring it is also utilized used as a fish habitat. That was put in at a cost to the farmer and it created a lot of problems with the municipal drain. It seemed unreasonable that the farmer should have to bear that cost himself. Are you aware of this and is there anything that can be done about it?

Hon. Mr. Riddell: We certainly are aware of it now.

Mr. Villeneuve: Give him hell, Gordie. See if he will yell at you.

Mr. G. I. Miller: Ross has them well trained.

Hon. Mr. Riddell: There is no question we will be reviewing our existing soil erosion programs. It is a priority as far as I am concerned. I am really upset with the amount of erosion that is taking place. Obviously, it is going to require an incentive of some kind to get farmers to put in measures to prevent a lot of this erosion. It is under review, and if we can get agriculture stabilized from the financial point of view, we will be able to spend more of our time and effort on erosion control.

17:40

Dr. Rennie: If I could comment further, our present Ontario soil conservation and environmental protection assistance program is a \$5.5-million-a-year program. Granted, that has to cover the salaries and expenses of the 14 soil conservation specialists plus the administration of the program, but it is sizeable. On Wednesday, we can bring over copies of our brochure for the members, which details the specific items in the program.

I do not believe the sediment pond is a part of that. I am almost certain about that. If you could

give us the details of that, I will have the staff look into it.

Hon. Mr. Riddell: If I may cut in for a minute, while we are on matters pertaining to the land, we were in the midst of discussions on land use the last time we were here and I indicated I would bring over staff from the food land preservation branch. I do not know whether there is going to be a vote at 5:45 or not—

Mr. Chairman: There is.

Hon. Mr. Riddell: —but Donald Dunn is here. Perhaps this would be an opportune time to further pursue food land preservation, if the members of the committee so wish. He might not be back on Wednesday.

Mr. Chairman: I was going to intervene momentarily anyway, because Mr. Stevenson has some questions. He has been on the list for a long time. I understand there is a vote on the tax bill at 5:45. Mr. Stevenson, do you wish to proceed with your comments now, or do you want to wait until Wednesday?

Mr. Stevenson: How much time is left?

Mr. Chairman: If we go till 5:45 today, we have to complete two and three quarters hours on Wednesday or spill over into Thursday.

Mr. Stevenson: I have a lot of questions I have not asked yet. Land use is one of them, but others are more urgent. If any time is left to me and if I have any choice I will pursue some other line of questioning for the rest of this afternoon.

Mr. Chairman: Is that all right with members of the committee? Okay.

Mr. Stevenson: First of all, I have a few quick ones, and I will reserve the right to come back to these, depending on how much time we have left at the end. When do you expect to have the forms out for the rest of the corn stabilization payment?

Hon. Mr. Riddell: I will refer that question to Henry Ediger.

Mr. Ediger: The stabilization price was just set by Ottawa on Friday. They have not given us the data yet. As soon as we get the data we will send out the forms. The stabilization commission is meeting on Wednesday of this week; we hope to finalize everything and send out the forms right after that.

Mr. Stevenson: Do you have any idea of what sort of time that may be?

Mr. Ediger: The forms are ready; we have prepared them. It is a case of getting the data from Ottawa, because it is federal data that we get. We will be sending them out shortly thereafter.

Mr. Stevenson: The interim payments were up to what date?

Mr. Ediger: To August 1, if I am not mistaken.

Mr. Stevenson: That could not be.

Mr. Ediger: I am sorry; I think they were to the end of March as presented to us by the corn committee and the soybean board.

Mr. Stevenson: Yes. April 1 seemed to be hanging in my memory, but I was not sure about that. Up to this point, anyone who sold corn farmer to farmer or sold corn since that date has not received any payments.

Mr. Ediger: That is right. All we did was make payments based on the records we got from the corn committee and the soybean board.

Mr. Stevenson: If the pressure stays on the cash crop people, as it appears it may for another year or two—and I am sure there will be continued stress for interim payments—is there any way one could expand the program so that those selling, particularly farmer to farmer, have an opportunity to get involved in that interim payment?

Mr. Ediger: I do not see why not. Both the corn committee and the soybean board requested we pay as they are suggesting. The other thing we did not do was net out sales at that time. We are going to have to net out sales now. A lot of times, once you get into farmer-to-farmer sales, you get into netting out sales.

Mr. Stevenson: While you are here, let us go quickly to this one. When I got home Friday night I got my season's greetings, my 1987 Canada-Ontario crop insurance calendar, and inside was my ministers' message from John Wise and Jack Riddell. This is what I have been waiting a month for.

Hon. Mr. Riddell: You are fortunate. I did not get one of those.

Mr. Stevenson: Maybe you do not subscribe. Do you take crop insurance?

Hon. Mr. Riddell: I sure do.

Mr. Stevenson: Interestingly enough, on the inside of the front cover there appeared to be some excellent questions staring me right in the face, the map of Canada and the federal and provincial contributions to crop insurance. In Ontario the federal contribution is \$19 million and the provincial contribution is \$3.8 million. I am not sure what that works out to, but very roughly it would be one in six.

Mr. G. I. Miller: It is actually one in five.

Mr. Stevenson: One in five, okay. In Quebec it is \$10.2 million and \$10.2 million. What sort of provincial subsidization is going on there to come up with that result?

Mr. Ediger: Back in the early 1970s, the federal government gave all provinces two options. They could split the administrative costs equally between the province and the federal government and split 50 per cent of the premium equally between the province and the federal government, or the federal government would pay 50 per cent of the premium and the province would pay all the administrative costs.

That proves Ontario was shrewd at that time, as were the western provinces. Quebec opted for the other part of it. Therefore, it ended up paying exactly half of the subsidy. It saved Ontario money. At that time, ours would have been about 50-50 as well, but it seemed that if participation increased, it would be a better deal to follow what we did.

Mr. Chairman: Excuse me, Mr. Ediger and Mr. Stevenson. There is a timed vote in the House and there is less than five minutes left. We should wrap things up and we will commence again. If we could start as early as possible on Wednesday afternoon we could use up the allotted time.

The committee adjourned 5:50 p.m.

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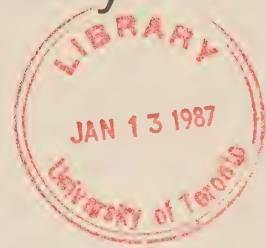


No. R-15

Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food

Second Session, 33rd Parliament
Wednesday, December 10, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 10, 1986

The committee met at 3:32 p.m. in room 151.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (concluded)

On vote 1601, main administration program; item 1, main office:

Mr. Chairman: The resources development committee will come to order. The minister has some responses to questions that were raised earlier.

Hon. Mr. Riddell: Earlier in the estimates my honourable colleague Mr. Stevenson spoke on the new initiatives taken by the Alberta and Saskatchewan governments to assist their farmers. He was quite correct that both of these prairie provinces have provided substantial financial assistance to their farmers. Indeed, I have done so in this province.

However, our research into the budgets of Alberta and Saskatchewan indicates that expenditures on agriculture by their departments of agriculture in 1986-87 were \$438 million and \$156 million, respectively. I should note that their budget expenditures include neither fuel tax rebates and other nondepartment programs in Alberta nor the interest rebate and oil royalty refund in Saskatchewan. With these expenditures added, the budget expenditures rise to an estimated \$567 million and \$225 million, respectively, for 1986-87. Comparing this to Ontario's agriculture budget expenditure of \$511 million after OFFIRR Plus—the new Ontario family farm interest rate reduction program is not exact, as both Alberta and Saskatchewan are including fuel and other tax rebate programs.

In Ontario we do have sales tax and fuel tax, items that by public policy do not exist for any other sector in Alberta, and we have programs to refund fuel and sales tax to farmers on selected items.

To be consistent, the additional estimated \$130 million that may be claimed by Ontario farmers should be calculated into the Ontario expenditures. However, using the strict budget estimates only, the budget expenditures in 1986-87 by province, in dollars per farmer, are: Alberta, \$9,766; Saskatchewan, \$3,342, and Ontario, \$6,198. Yet on a per commercial farm basis—and that is \$10,000 gross income and

over—the picture changes: Alberta, \$14,086; Saskatchewan, \$4,045, and Ontario, \$10,223. If I were to add the estimated \$130 million in sales and fuel tax refunds, Ontario's expenditures would increase by another \$2,000 or more per commercial farmer.

As you can see, these comparisons can shed a little more light on the differences and difficulties in interprovincial comparisons. For example, six of Alberta's 14 new or enhanced initiatives deal with the drought situation faced by Alberta and would cost more than \$85 million for 1986-87 alone. Moreover, the Alberta government is providing an estimated \$65 million under its feed grain market adjustment program, which exists solely to counterbalance federal government transportation subsidies. Now that is the problem of competing treasuries.

Finally, before I leave the topic, I am not surprised to see little mention of Quebec's 1986-87 agriculture expenditure. For that year the Quebec Ministry of Agriculture, Fisheries and Food will be spending \$507 million, down from \$525 million in 1985-86. Further, my conversations with my Quebec counterpart indicate that far more control on all Quebec government budgets, including agriculture, will see a decided change in the budgetary expenditures.

I have several notes here going into more detail on the programs in Alberta, Saskatchewan and Ontario. If my colleagues are interested, I can see that they get copies of them, but I do not want to waste time going into it now.

A question was asked—once again, by Mr. Stevenson, I believe—on tingle voltage as it pertained to Lee Montgomery. There is nothing new. Mr. Montgomery does not wish to go before the debt review board. The banks are still honouring our moratorium.

Questions were asked by you, Mr. Chairman, and by Mr. Pierce regarding chicken quota: How many quota holders are there in the north, why are northwestern and eastern Ontario one region and why were new entrant applications denied to Mr. Pierce?

In response, at the present time, and on a historical basis, there is no commercial production of chickens north of Parry Sound. Prohibitive production costs and the lack of a registered

slaughter plant in this area are the major factors. One must have a killing facility in order to have production and vice versa. It is more economical to ship eviscerated product from existing plants located in the south to meet the needs of the north.

Eastern and northern Ontario are combined as part of district 9 in the regulation establishing the Ontario Chicken Producers' Marketing Board. Representation on district producer committees and the election of directors to the board are based on the number of growers within that district. In the 1985 annual report of the chicken board, district 9 had 71 quota holders with a total allotted quota of 1,861,070 units of production. Documentation was forwarded to those individuals who were prepared to remit the \$100 registration fee and applied for the necessary forms, quota policy statements, etc., prior to the September 30, 1986, deadline.

As of mid-September there were more than 7,000 applications. The \$100 fee will be refunded to those who are not selected. No forms were provided if the registration fee was not submitted by the deadline. Ministry staff received several calls and referred them to the chicken board for further details. Two names will be selected for each of the nine grower districts, and each will receive 7,500 units of basic quota. On the basis of the random selection of names, it is possible that an application from the north may be selected. The probability of this occurring is not known, since it depends on the number of applicants who apply in district 9.

A Farm Products Marketing Board member will observe and scrutinize the process when the chicken board conducts the selection of 18 names in early December. This is a pilot project as a new entrance policy, and the chicken board will review it at a later date. I welcome and support the chicken board's effort to open up the quota system to new entrants.

15:40

I believe the member for Algoma-Manitoulin (Mr. Lane) asked a question regarding high milk prices in northern Ontario, particularly in Gore Bay. Milk prices in Ontario are subject to free market forces. Retail and wholesale prices are not controlled by legislation. Gore Bay is situated in an area that is serviced by only one distributor. While it may be true that this one account is paying more for milk, one must bear in mind that the distributor licensed to service this area is responsible for providing complete service to an area that is sparsely populated. If this distributor provided this account and others

in that area with discounts that are equivalent to those given in southern Ontario, then it would mean that the distributor would be unable to provide this level of service to the other small outlying accounts in his area. The Milk Act emphasizes quality and service to the majority of consumers in an area.

It is interesting to note, while I am talking about milk prices in the north, that at the time the last study was made, milk prices in Sault Ste. Marie, Thunder Bay and, I believe, Rainy River—in several urban areas in the north—were lower than milk prices in southern Ontario. A four-litre pouch of milk in those northern Ontario areas cost \$2.69, compared to the \$2.79 that Toronto consumers were paying for the same pouch of milk. Therefore, it is not the case that milk prices are higher in northern Ontario than they are in southern Ontario. In some areas this may be so because of a sparse population, but this is not generally the case.

I believe those are all the questions that were asked that we had not responded to at this point.

Interjection.

Hon. Mr. Riddell: Do we have that? Maybe we will wait until Mr. Villeneuve—oh, here he is.

Mr. Villeneuve suggests that 4-H enrolment has dropped in Dundas county because of lack of rural organization and services staff. I see that the figures have dropped since 1983.

It is an interesting issue because, in talking with the person in charge of 4-H for the province, we found that the dairy and beef club numbers have dropped provincially, and Joe feels that the cost of raising an animal may be a factor here.

"Joe feels." Dr. Rennie, maybe you had better come up here. When you say "Joe feels," who is Joe?

Dr. Rennie: That is Joe O'Neill, director of our 4-H program under the rural organization services branch.

Hon. Mr. Riddell: Oh. This person also reported that 4-H nationally has shown a slight decline, except in one of the eastern provinces. At a national meeting the consensus was that there just are not as many kids out there; and for those still living in rural areas, there are a lot more activities from which to choose.

As Dr. Rennie mentioned on Monday, rural organization services staff were realigned to provide more balanced work loads. We certainly can discuss this with the director of the ROS branch to see whether any changes are required, but I would ask that the people of the county work together for the good of the 4-H program. After

all, that is one of the basic aims of the program, and also the best way to lead by example.

Mr. Hayes asked a question on the farmers in transition program, and we can deal with that later.

Mr. Chairman: Okay. Three people are on the list now. Perhaps you want to deal with these responses before we get into separate questioning. Are there questions further to what the minister has raised?

Mr. Stevenson: I have a number of questions that we have not even touched yet that are fairly important to the industry. As well, Mr. McCague has a question he wants to ask, and he has to get out to another meeting. I will defer to him so that he may get on his way.

Mr. Chairman: Mr. Villeneuve and Mr. Sheppard also have questions.

Mr. McCague: A few months ago I raised with the minister, as he will know—and maybe neither one of us was awake; it was the night we had the all-night session, I think—the issue of potato growing as it applied to Natural Fry and Pro Pac in Pickering. I feel obliged to raise it today on behalf of some potato growers in my riding and some in Mr. McKessock's riding.

The condition of Pro Pac, and of Natural Fry in particular, has been known to the ministry now for some months. I am aware that the ministry was working on a potential buyer for the process, presumably to carry on the manufacturing. That buyer eventually backed out and, as a result, the bank called the loan of Natural Fry. I understand now that the receivers have accepted a bid for the process. I think it is a bid that originates in Quebec and one that may see the process go to Quebec rather than remain in Ontario.

The problem is that several growers have been stuck with a type of potato that is not particularly good for the table market and may be good only for processing, so that these farmers, it is fair to say, face bankruptcy. It may not be that serious in all cases, but that is their feeling today.

The reason for raising it is that the minister said on October 8 that he shared the interest in maintaining a market that utilizes Ontario potatoes. He said: "As explained at the meeting, I am proceeding to cabinet through the normal channels to request financial assistance in order that the potato growers are paid for their crops. At this time I cannot speculate on the outcome of those discussions." Having seen many ministers go to cabinet, I would agree wholeheartedly with you that you cannot speculate on the outcome of that.

However, if what I am told is true, as it appears now, some unfortunate assurances were given

not only to the three growers in Mr. McKessock's riding, who have the biggest problem, but also to other growers in my riding, assurances that would lead them to believe they were going to get assistance—even to the extent that I believe there were discussions between people in the ministry and the lending institutions. Some of these discussions go back some distance. They involve the fact that some of these potato growers might not have planted this particular variety of potato or might not have had the money to plant this or any other variety of potato had it not been for—I did not hear the conversations, but I can say that the speculation is that there were assurances that money would be forthcoming to do one of two things: either keep this plant in operation or keep the farmers in credit.

I will not press the minister for a response today, but I welcome one, just to get it clearly on the record that this is a serious situation and one in which the farmers involved are depending on some assistance.

Hon. Mr. Riddell: Believe me, I certainly wanted to see Natural Fry or some company that was prepared to invest in Natural Fry stay in business. It does have a unique process for French fries. I was prepared to go to cabinet with a submission to render some assistance to those producers who had not been paid to that time by Natural Fry, but on the premise that there would be a third-party investor in the company. We were very hopeful this would happen. Unfortunately, it did not happen. There were many potential buyers but all decided there was not enough profit from the company to venture into it.

15:50

I cannot account for the discussions that took place between the lending institutions, the potato producers or whoever it might be and my staff. All I can tell you is that I was prepared to go to cabinet with a submission for some assistance to those producers.

Since that time, on November 27, 1986, the Standard Chartered Bank of Canada put Natural Fry into receivership as a result of the company's inability to service its \$720,000 debt owed to the bank. It is my understanding the receiver has sold the business. I believe you are right that the business was sold to a Quebec company. I will call on Brian Slemko to give us up-to-date information on it. The last word I got—I stand to be corrected and I am sure Brian will correct me—is that the company intends to keep the business operating in Ontario.

Perhaps Brian can bring us up to date as he has been working very diligently on this matter. Furthermore, I believe a meeting has been set up with the potato growers to discuss ways in which we might be of some assistance in this matter.

Mr. Slemko: Perhaps I can make a couple of comments on the concerns Mr. McCague has raised. As the minister said, we have been very interested in keeping Natural Fry in business. It is the last French-fries company left in Ontario. As recently as yesterday, we have not been able to confirm that the company will be moved to Quebec as a result of the sale that took place late last week through the receiver. Unfortunately, the individual who has bought it has left for Australia for two weeks of holidays.

In speaking to the consultant early this week, we learned any intention to move the company is to move it from Ajax and find a location somewhere else in Ontario. We have heard the rumour, and I can only put it that way, that they are looking at a possible site in the Alliston area for relocating that plant. A Quebec name had appeared and had been mentioned on a couple of occasions, but it has not yet been confirmed.

On the issue of meeting with the potato growers, the minister is correct that Dr. Collin, a few other staff and I are meeting with the processing potato marketing board tomorrow afternoon to discuss a number of issues, not the least of which is the concerns expressed by half a dozen growers in your riding and Mr. McKessock's riding who have potatoes for sale, and who, with the closing of Natural Fry, do not have a market for those potatoes. Unfortunately, many other processors such as Hostess or Frito-Lay have already made contracts with growers.

The potatoes in storage that were destined for Natural Fry may not lend themselves well to the fresh market. Part of the problem there is that during the summer there was so much moisture that those potatoes are not suitable for the fresh market. They were destined for the processing market. Tomorrow, we will be raising with the marketing board the idea of a financial protection program for the processing potato industry. We will have to wait to see how those discussions go to see whether that is something we wish to pursue.

Mr. McCague: I think you are well aware of the importance of this issue. I have not talked to Mr. McKessock about this, but I will. I believe the unfortunate part of it all is that there may have been some information dispersed that prompted people to take the kind of action they did. You sort of answered the question by saying you had

not been able to get any information on it. I know that what was said was not purposely to mislead the people, but it might have. You might want to address yourself to that. If there are no misunderstandings, so be it. However, if there are, I feel the ministry is duty-bound to do something. I will leave it there. Thank you for your answer.

Mr. Chairman: Mr. Stevenson, do you wish to go next or do you wish to wait until they are finished?

Mr. Stevenson: I will ask a few questions and then let some of my colleagues go for a while. I am sure I could use the rest of the time this afternoon, but I do not want to take up all the time. Let us talk for a moment about checkoffs. The Ontario Federation of Agriculture and Christian Farmers Federation of Ontario have proposed a checkoff for funding those more general farm organizations. What is your decision on that at this point?

Hon. Mr. Riddell: I have met with some of the executive of the OFA who asked whether I would consider introducing legislation or whatever I had to do to allow them to collect a fee. I said I was not considering it at this time. We have three different farm organizations in this province and it would be very difficult to render to one organization the opportunity to collect a fee and expect the other organizations to go out on the road and sell memberships. It is not something I have pursued, and with so many things on our platter at the present time, it is not something that I expect to be pursuing within the near future.

Mr. Stevenson: Was some proposal not put forward on how those funds would be shared among the organizations?

Hon. Mr. Riddell: Yes, they discussed a number of options that one might consider. These matters will all be taken into consideration if we decide that this is the best route to go, but I am not convinced at this time that this is the answer to their problem. There is no question that they see their membership shrinking. I would still like to see them get out into the concessions and sell their services and I have urged them to do so; in other words, try to convince new people to become members of the organization.

Mr. Stevenson: The Canola Growers' Association of Ontario has asked for a checkoff. It is a relatively new organization and has a rather astounding membership for the relatively little work they have done compared to some organizations in getting that membership. What is your present position or your intention on giving the canola growers a checkoff?

16:00

Hon. Mr. Riddell: I have restructured the Farm Products Marketing Board. I have quite a number of farmer representatives on that board now. I have a consumer representative. I have more private individuals than I have civil servants. I am quite encouraged by the ambitious agenda this board has taken on with my concurrence. One of these is to look at these matters. Every time a commodity board wants to have some kind of checkoff, I refer it to the Farm Products Marketing Board and ask that the Farm Products Marketing Board meet with the commodity board or group that wants to start some kind of organization. I believe the Farm Products Marketing Board met at least once, if not twice or three times, with the canola growers. I am awaiting whatever recommendations the Farm Products Marketing Board is prepared to make on that matter.

Mr. Stevenson: The canola growers, at least those I have talked to, seem rather frustrated with the rate at which this is proceeding. At one point, they had something of the order of 500 to 600 members—I believe it was 600—which seems like an astounding accomplishment for a group that is relatively new and whose members have not had the years of contact with each other that the corn producers, for example, have had. I think they would appreciate your co-operation in this, not to deflect it unnecessarily through various boards or committees but to move the issue along and get an answer.

Hon. Mr. Riddell: I am prepared to expedite any of these matters. Is Ken Knox in the room?

Dr. Collin: No, he has a meeting today.

Hon. Mr. Riddell: Who might speak on behalf of the Farm Products Marketing Board to bring us up to date on this request on the part of the canola growers? Brian Slemko?

Mr. Chairman: Mr. McGuigan, do you want to slip a supplementary in now or do you want to wait?

Mr. McGuigan: I will wait until he is finished.

Mr. Slemko: The Farm Products Marketing Board has not officially met with the Canola Growers' Association of Ontario. Ken Knox and a few of his staff members from the farm products marketing branch met with the president and two members of the canola association about two months ago and I understand that issue was raised. I sit on the board of directors of the Canola Council of Canada and the canola association will be accepted for membership in

that organization. That does not have anything to do with the checkoff issue you raise. The minister is absolutely right; this issue will be considered formally by the Farm Products Marketing Board early in the new year.

Mr. Stevenson: It is a crop that has considerable potential in Ontario and that has grown fairly rapidly in the past few years. With the rather imminent emergence of hybrid canola and atrazine-resistant canola, I think those genetic improvements will further expand the acreage in Ontario. When a relatively new group has the voluntary membership support—it seems to me it was \$20 per membership—it appears that the executive of that organization has substantial support. If they need the funding and have the support of the membership, I wonder at the merit of holding up approval of that checkoff.

Mr. McGuigan: My supplementary is on voluntary checkoff. In about 1967 or 1968, a vote was held in Ontario on the merits of a compulsory checkoff system for Ontario agriculture. I can pinpoint the year because in 1969 the Ontario Federation of Agriculture was almost at the point of disorganizing or disbanding. As you will remember, Gordon Hill became the president. From that point on, the OFA reorganized on the basis of a voluntary checkoff. I do not recall the figure for the overall vote—it failed quite dismally—but the figure I remember for Kent county was that only 16 per cent of the people were in favour of a compulsory checkoff.

In my view, one of the reasons was that as soon as you go to a compulsory checkoff system, people who disagree with the main opinions of the body, representatives of the OFA or whatever, immediately say: "You are in the pocket of the government. You are part of the checkoff system and you are in the government's pocket. Therefore you encourage a split or division within the farm community." I have travelled the roads and sold a lot of memberships over the course of the years. When it is based on a voluntary system, as it is currently, you know you have the support of the people.

Ideas have been put forward that are worthy of merit. One is a fund and the federation or any other group might live on the interest. That fund could be built up by agribusiness, by the farmers themselves, by contributions from government and so on. That is seen as independent money because there is not a direct link with it; it depends on government legislation. Personally, I am opposed to a compulsory checkoff system.

Hon. Mr. Riddell: Many factors have to be taken into consideration. As you well know,

most of the commodity boards are members of the federation and are therefore making their contribution. They would have to go back to their memberships to ascertain whether they want to be assessed a certain amount of money to continue as members of the organization.

I said to the federation that it should be asking the Christian Farmers Federation of Ontario and the farmers' union whether they would be on side for this kind of compulsory checkoff. You cannot respond to the requests of one farm organization and completely ignore the other organizations that are providing a valuable service to the farmers of Ontario. There are so many things to take into consideration before you ever take the first step to bring about a checkoff of some kind.

Mr. McGuigan: It might be well for your people to check into that matter back in the late 1960s. I do not have the figures at hand, but I know it failed.

Mr. Stevenson: I do not wish to comment on the popularity of a checkoff at the general farm organization level. I have heard very few complaints about the corn situation. I have reason to suspect from my conversations with the chairman of the canola organization that there would not be much concern there. I have talked to a few canola growers in my area and they are quite supportive.

16:10

Hon. Mr. Riddell: We are comparing apples and oranges. If you are talking about a checkoff for a particular commodity, then there is some merit; but if you are talking about a checkoff for a general farm organization, then we are talking about something entirely different. When is the time going to come when the farmer says: "Wait a minute. I am making a contribution towards the commodity board. Now you come along and mandate that I also make a contribution towards a general farm organization of some kind." I do not think you can compare a commodity board and its system of collecting fees with a farm organization.

Mr. Stevenson: I had no intention of making that comparison. In fact, I asked two separate questions there. Maybe I made the mistake of grouping everything under checkoffs. As far as I am concerned, they are two totally different issues and they should be kept that way.

While I am on canola, I will digress a bit from checkoffs. The canola growers have no financial protection. Is that about to be amended?

Hon. Mr. Riddell: There is no question that we are receiving requests from a lot of different

commodity groups for financial protection. Potato growers are one example; apple growers are another example; now there are the canola growers. We are giving consideration to all of these matters, but it is something you do not jump into without considering all aspects of that kind of request.

Who is representing us here on financial protection?

Dr. Collin: Jim is here.

Hon. Mr. Riddell: Jim Wheeler?

Mr. Wheeler: Yes. I attended a portion of the same meeting that Brian Slemko referred to, where Ken Knox and some of the staff met with the canola growers to discuss financial protection and the possibility of a plan.

It seems that the most reasonable way to introduce a plan for canola growers would be to do it under the current program for corn and soybeans, perhaps with a separate fund, perhaps with different membership on the financial protection board. Some of those details would have to be ironed out. At the end of that meeting, Mr. Van Hevel, chairman of the association, indicated that he would follow that up with the other producer groups to see whether they would pursue it in that way. That is how it was left at the time: They would get back to us.

Mr. Stevenson: Does that require legislative change or does it require just changes in regulations?

Mr. Wheeler: Just regulations. If there were nothing different in the licensing system, it could be done under regulation.

Mr. McGuigan: I have a supplementary on financial protection too. I am glad to hear—I guess I am not glad, because it is a sad situation to hear that other people are asking for financial assistance.

I have a letter from a chap in Kent county, from Dover Centre, Stephen W. Kearns. He talks about a grower nearby who sold his cauliflower to a wholesaler; he accepted post-dated cheques for this and got stung on three loads of those. Then he sent some to Montreal and got stung there. Altogether he got stung for \$12,000. I have to say he contributed to part of that, because if you are wise you do not sell goods on a post-dated cheque. But if there is a widespread occurrence of this in the fresh trade—I am really talking about fresh—would you take a look at the Perishable Agricultural Commodities Act in the United States, which you and I used to talk about over championing financial protection for grain growers?

Mr. Stevenson: Are your words coming back to haunt you?

Mr. McGuigan: No; it is proving itself. The Perishable Agricultural Commodities Act group has been going for many years, but in the past four or five years it brought in a trust account to deal with fresh produce. It does not take a separate group of moneys and set them aside so that it ties up the receiver's money. It declares his bank account a trust account. If a shipper is not paid—I think within 10 days; it may be 30 days, but 10 days is normal for fresh produce—then the shipper can send in to the trustee who looks after the trust account, and a lien is put on the account. If the shipper does not complain, then that is his fault.

Nevertheless, this system seems to be working very well. It has been in effect now for about three years. I suggest you take a good look at it, because these things arising now may be the beginning of problems in that area. The other areas are pretty well covered, but this one is not. I suggest you look at PACA, the Perishable Agricultural Commodities Act.

Hon. Mr. Riddell: Given the efficiency of my staff, I will be surprised if they have not looked at the perishable commodities act in the US. We will ask Mr. Wheeler whether he is familiar with this act and whether it is applicable to our situation here in Ontario, or whether we have something similar or even better.

Mr. Wheeler: Possibly similar.

Mr. Sheppard: Not better?

Mr. Wheeler: We are familiar with PACA and the manner in which it operates. We are not completely familiar with it, but we are familiar with certain aspects of it.

In Canada there are two systems that would apply to the individual you mentioned. There is a licensing system federally and an arbitration board that will make rulings to determine whether the licensed dealer is required to make payment to that producer or whether the producer has a valid claim. He may not.

Mr. McGuigan: But this is usually too late.

Mr. Wheeler: In some instances, yes. If that dealer is already out of business, then that could be so with post-dated cheques.

Mr. McGuigan: PACA then grabs him; I think it is either in 10 days or in 30 days.

Mr. Wheeler: That is much quicker action, yes.

There is a similar program here in the province with the licensing of fresh produce dealers as well, and a Produce Arbitration Board, which

will convene hearings to determine whether a valid claim exists and, if so, order the licensed dealer to make payment to the producer.

Very few claims come before that Produce Arbitration Board, I believe, because producers are hesitant to cause a problem with their dealer, the person to whom they may wish to sell produce again. Quite often we find that they go right back and deal with the same person again in any event after they have filed for a hearing.

Mr. McGuigan: Then it is their fault.

Mr. Wheeler: Yes, really. But we could look more at that trust part of PACA. That has not been pursued provincially. Federally they looked at that when they changed their system a couple of years ago. I believe it would apply better at the federal level. I do not believe PACA covers local dealings of a small nature. It is more interstate or the big commerce tradings.

Mr. McGuigan: I think it covers everything.

Mr. Stevenson: One more question on canola: Is Ontario canola included in the \$1-billion program out of Ottawa?

Hon. Mr. Riddell: Yes.

Mr. Stevenson: I will defer for a few moments to someone else here.

Mr. Villeneuve: I have a few questions that have to do with the Kemptville College of Agricultural Technology. There have been rumours, and this comes to me via correspondence from some constituents. Is there any truth to the rumours that the equestrian program at Kemptville may be cancelled because there already are programs at Humber and New Liskeard?

Hon. Mr. Riddell: We dealt with that matter earlier in estimates. I do not know whether you want to do it again or whether you want to read Hansard. Maybe Dr. Rennie can come up and give us a brief response.

16:20

Dr. Rennie: The equestrian program at Kemptville is a new one that was started this past fall. It is tied in with the Canadian Equestrian Federation. We started it on the basis of their request. It has to do solely with riding and with the training and education of coaches for riding and equestrian events. It is different from what is at any of the other institutions in Ontario. It is the only one of its kind in Ontario at present. It is a sort of pilot program.

The question is whether it should continue, depending on the finances. We figure it should be primarily cost recovery, depending also on the interest of people. The interest has been reason-

able. In fact, I was meeting with staff earlier this afternoon on our involvement with the entire horse industry in Ontario, and that is one program we are looking at from both a short-term and a long-term point of view. It is definitely going through until the end of the current academic year.

Mr. Villeneuve: Do I read between the lines that the chances are it may not survive next year?

Dr. Rennie: That is a decision senior management in policy will make with the minister over the next few weeks.

Mr. Villeneuve: In comparison to the New Liskeard area, for instance, the 11 eastern counties have a much larger horse population by about three to one. Are you telling me your New Liskeard program is totally different?

Dr. Rennie: That is right. The New Liskeard program is a part of the two-year diploma program, with a specialty in equine management, nutrition, breeding, physiology, health—the whole thing.

Mr. Villeneuve: Would there be any consideration that this might be expanded and included in the Kemptville program?

Dr. Rennie: We have looked at that. We are not very serious about it at the moment. There are a limited number, so it is pretty costly to put on the same type of specialty program in various locations.

Mr. Villeneuve: We have a 4-H horse club in Dundas county.

Dr. Rennie: Yes, we have a lot of 4-H horse clubs across Ontario. Next to dairy and beef, we have more 4-H horse clubs than any other type of club. They come third in the total listing.

The program at Kemptville that has just started is quite different. It is strictly a riding and coaching program. It is not the same at all. The New Liskeard program is aimed at people who are going to be owners or people working on farms with horses so that they will understand the whole management process, nutrition, management, disease—the whole thing.

The Kemptville program is strictly to teach people to ride and to be coaches of riding. It is perhaps questionable whether we should even be in it, but we have a facility. There was a demand, and we said we would take a look at it. It could be a good program, but it is quite different.

Mr. Villeneuve: I have had a number of items of correspondence on it from several organizers. I presume the person involved with the Equestrian Federation on River Road in Ottawa has been in contact with you. I would like to have your

ministry consider expanding, as opposed to cutting off, this program.

The idea is that if someone knows how to ride well and handle horses, the chances are he will own them and it will become an even more important part of recreational activities. The minister mentioned that we do not have a very good market for hay; well, they are pretty good hay burners, are they not?

Hon. Mr. Riddell: Yes, they are.

Mr. Villeneuve: Are you on a cost-recovery basis now at Kemptville?

Dr. Rennie: On that program, yes.

Mr. Villeneuve: If it is on a cost-recovery basis or on a partial cost-recovery basis and if there is still interest, would that not indicate it should be given a fair try?

Dr. Rennie: It is on a cost-recovery basis during this fall term. It is going to be difficult to have total cost recovery in the winter semester. We are looking at that at the moment.

The reasoning we get is that the fees to the riders who want to participate might be prohibitive if the program were totally cost-recovery. That is why we are looking at it in total, because it is a three-level thing. It is only approaching level one at present, and it goes up to level two and level three. It is a good program and, as you say, it could be a national program. We have to look at its cost implications, and that is the process we are in at present.

Mr. Villeneuve: I recall being in Kemptville a couple of years ago with Mr. Stevenson at the official opening of a lovely building that could accommodate these riders at times of the year when they could not be outside anywhere. It would be a good use of the facilities that are there and possibly not doing a great deal throughout the winter months.

Dr. Rennie: I would not say it is not being used much during the winter months. That is when the students are there and that is when it is used, more so than in the summer months. On the other hand, it is an excellent facility, no question about it, and it is being used for that program now. I was down there three or four weeks ago and saw it in operation with these people. It is first-class, no question about it.

Mr. Villeneuve: You certainly have support from me to maintain that equestrian program at Kemptville.

Mr. Sheppard: I am sorry I was not here on Monday. I understand the minister did bring in the peanuts I had asked for last Thursday, but I

did not get any. Perhaps I can get a bag from him later on.

Hon. Mr. Riddell: Yes, I will see that you get a bag.

Mr. Sheppard: I am concerned about the 100 or so growers in my riding who form the Eastern Ontario Vegetable Growers' Co-operative. They formed this company in approximately 1976. In 1984, legislation was passed that required any processor applying for a licence to prove financial credibility. They are the producers and the processors and they have to come up with approximately \$2 million in credit.

On March 15, 1984, they applied for a licence, which they got on August 16. In 1985 they applied for a licence on February 1 and received it on May 24. This year they applied for a licence on January 8 and received it on May 24.

The weather dictates when a farmer has to put in his crop. I know your ministry co-operated with the Eastern Ontario Vegetable Growers' Co-operative, but they then got charged because they put in their crops before they had their licence. The minister knows that if there is no crop, there is no licence; if no crop is put in, they get no crop, and if they do not harvest a crop, we will do away with our small farmers in Northumberland in eastern Ontario. There are also a couple of growers in Prince Edward county and a couple in Hastings. Is there some way you can help us out? It looks to me as if the ministry is trying to put these eastern Ontario vegetable growers out of business. Can you explain this to me?

16:30

Hon. Mr. Riddell: You were here when we were talking about financial protection programs for many of our commodities. I am interested in maintaining and enhancing the integrity of these programs. I do not want to avoid your question, but an appeal has been filed and the best legal advice I am able to get is that I should not comment at this time.

Mr. Sheppard: I do not know when the appeal is going to court, but after the appeal is called, perhaps you will give me some time with you so that we can discuss it thoroughly.

Hon. Mr. Riddell: I will be delighted. I am well aware of the situation. I know the facts but I do not think it is appropriate for me to comment pending an appeal. I will be more than pleased to sit down and discuss it with you.

Mr. Sheppard: I will accept that. I am very concerned because these eastern Ontario vegetable growers in my area are very good, sound

farmers and the government should be assisting them, not trying to put them out of business. I will leave it at that. Perhaps after this is settled, the minister will give me time to sit down and discuss it with him further.

Hon. Mr. Riddell: Suffice it to say this government does not intend to put anyone out of business. That is not our role. Our role is to see that farmers and processors are able to stay in business. There is the odd time we run into difficult matters and we have to deal with them, as you well appreciate. This one will be dealt with in the appropriate way.

Mr. Sheppard: I want to emphasize that it is important for eastern Ontario not to lose these vegetable growers. They produce number one products, which they sell. I have heard that the people who buy their products are well satisfied. If there is an appeal now, I am concerned about what the outcome will be.

Mr. Hayes: At the beginning of the meeting, the minister commented that he had a response to some of my questions. Does he mind responding now as I have to leave early this evening? I would appreciate it if he can relate to that.

Hon. Mr. Riddell: Mr. Hayes had questions regarding the farm family adviser program and the re-establishment of the assistance component of the farmers in transition program. I will give a response. If you want to go into it in more depth, Nancy Bardecki is here who can respond to any question you wish to ask of her. That shows you how much faith I have in my staff.

Mr. Stevenson: Yes, it is absolutely amazing. A year and a half ago, they were a bunch of bums who were there for the sole purpose of making the minister look good and you were going to get in there and clean house. Now they are the most efficient group you can find anywhere in Ontario.

Mr. Hayes: They are all still here.

Hon. Mr. Riddell: I do not think I ever said they were a bunch of bums.

Mr. McGuigan: Leadership makes an awful lot of difference.

Mr. Stevenson: It certainly does. It is surprising; they have not diminished much from what they were before.

Hon. Mr. Riddell: It is amazing what a staff can do under a new captain; that is all.

I was asked how many of the 156 approvals for re-establishment assistance now have long-term jobs. Of the 156 approved applications, 53 applicants have enrolled in the wage subsidy.

Employers of 32 participants have indicated the family farm member will be retained on a full-time basis after the wage subsidy has expired. Two of the employers indicated they would not retain the farm family member after the wage subsidy expires. The remaining 19 employers have not reported or have indicated they are undecided with respect to employee retention.

Mr. Hayes's second question was, of the 419 farmers who have been referred to a farm family adviser, how many are still farming? The farm family adviser program provides counselling and advice. We do not actually force a farmer to follow through with any decisions tentatively made by the farmer during the counselling process. There has been no attempt to determine the status of farmers counselled as the program did not commence until December 1985, with most requests for assistance having been received in the winter of 1986. There has not been enough time for a large percentage of farmers counselled to fully resolve their financial problems.

Based on 299 completed cases, farmers have tentatively decided to adopt the following plans of action for their particular operations. The action recommended: expansion, three per cent of the cases; refinancing, 13 per cent; no change, five per cent; partial liquidation, 22 per cent; complete liquidation, 22 per cent; other, which includes cases with no clear-cut recommendation, 35 per cent.

Your third question was, of the 156 approvals under re-establishment assistance, how many went out voluntarily and how many went bankrupt? Statistics of this nature were not collected for the re-establishment assistance program.

Mr. Hayes: Thank you.

May I ask one more question? It is not on this subject. Last year the minister mentioned tree farming. Research and development were going to take some steps there. Can we have a progress report on that? Have we gone into that field very heavily yet? That is one of my concerns.

Hon. Mr. Riddell: It is too bad my deputy minister, Dr. Switzer, is not here. He has had discussions with a person by the name of Andy Dixon who comes from Middlesex county. Andy is working on a project right now whereby he has planted walnut trees in rows, and between the rows of walnut trees he has planted a grain crop that he can harvest. While these trees are growing, he is still able to make some income off that land. The trees receive loving care. He

predicts these walnut trees will grow much faster with the kind of care he is able to provide, with fertilization and what have you. He predicts it will not be very many years before he can harvest trees from that plot of land, which will return him more money on a per-acre basis than most other crops he could grow.

It is unfortunate the deputy could not be with us at this time. I understand he will be coming in later. I hope he can give us more details on the \$1-billion deficiency payment. Both Dr. Switzer and Bob Seguin have been in Ottawa attending the Canadian Agriculture Outlook Conference and they will probably have more details on the \$1-billion deficiency payment. They will be coming in later. Can you add to what I have already said, Dr. Rennie?

16:40

Dr. Rennie: I can add very little. Following on what the minister has said with respect to the deputy's interest in this, we have had staff follow it up. We have spent some time with Mr. Dixon and are in the process of considering various approaches to what we call agriforestry. It is at the evaluation stage in the development of various alternative approaches to it for consideration. That is where it is at present, but we had several staff go up and spend considerable time with Mr. Dixon.

Mr. Hayes: I might not be here when Dr. Switzer comes, but I would appreciate it if someone will ask that question in my absence.

Mr. G. I. Miller: If I can add a bit to this, there is a project in Port Ryerse where a young chap has a greenhouse. He is growing hybrid poplars on about 15 acres. He cut off a crop this year and he is chopping the poplar up through a forage harvester and making it into fuel. I think he figures that 60 acres would and could operate the greenhouse of about three quarters of an acre.

I am sure the people in the ministry are aware of it. I do not know whether anybody here is aware of it, but he harvested it last year on his own. He has done the work himself. He uses peanut shells, sawdust, you name it—any type of fuel that will burn—to heat that greenhouse, but he is also using this as a supplementary. I am not sure of the tonnage he received but he feels he will have another cut next year because he cuts it off and it grows up and gets thicker and produces more as it establishes itself. He expects it to last for at least 15 years.

Another project that is taking place is at a property in eastern Ontario on Ontario Land Corp. land. Is that project going?

Hon. Mr. Riddell: That was fast-growing poplars. Don Gallagher, who is our energy specialist, may wish to comment on some of these projects.

Mr. Gallagher: We are quite familiar with the project on the hybrid poplar at Port Ryerse. Dave Smith is the individual's name. We are involved in monitoring that to see what sort of yields he is getting. I do not have those figures with me. Suffice it to say there is going to have to be quite an improvement before it will look economic. The hybrid poplar itself, the peanut shells and the wood wastes he has been burning have worked out very well for him, but there is some development work needed on the hybrid poplar. When it has had another year or two, we will see if it is branching out enough to provide sufficient yields. It has not done so up to this point according to figures we have collected. In about another year, we should have excellent data on that.

Mr. G. I. Miller: How many years was it? Was it second-year growth that he cut off this year? When I saw it, it was about 15 feet high. It was a good-looking stand. Was that two-year growth?

Mr. Gallagher: Yes, it was two-year growth. We can get exact figures on that if you want. I do not have them with me.

Mr. Chairman: I must say, Mr. Miller, as the forestry critic for my party, I went to visit the plantations of fast-growing poplar near Cornwall. I was very impressed with the growth rate of those trees. They planted them in the spring and by fall they were taller than I am.

Mr. Knight: That is not much.

Mr. Chairman: There were some comments about that, not being pretty fast-growing.

Mr. Stevenson: Can the minister provide a copy of the statement he made at the outset today about the calculations regarding Ontario, Alberta and Saskatchewan? Also, the ministry has some calculations that were done on the funding levels for various provinces. They were presented to the Ontario Federation of Agriculture. Mr. McGuigan used them in a speech in October in the Legislature. If those figures came directly from Statistics Canada, then you have already given us the material. If there were calculations involved, I would like to have those numbers and have the arithmetic that went into those numbers, if possible.

There are a few questions I feel I have to ask and there are many others I hope to get time to ask. I met with the chairman of the Ontario

Burley Tobacco Growers' Marketing Board. Evidence from publications in the United States clearly indicates early tobacco is being imported into Canada and Ontario. The board has evidence that there could be a crop in the 400,000-pound to 700,000-pound range for the 1987 crop year if the proper arrangements could be made. It feels there is an opportunity for some export, but the companies, the processors and the other dealers are not prepared at this point to guarantee that crop. The amount of money involved in guaranteeing a crop of that size is not terribly large in the light of the money that both the province and the federal government have put into the flue-cured tobacco industry.

Clearly, the marketing board and the members of that organization have some homework to do on their own to see how the crop would actually be grown. At a guarantee level in the order of \$1.50 a pound or a little better on a possible crop of, let us say, 500,000 pounds, just for a figure, it does not come to a terribly large amount of money. If that guarantee could be made up, perhaps one third from government, one third from the processors and dealers and one third from the producers themselves—I am not promoting that; it is just one of many possibilities—and if the information I have received is close to being correct, some burley tobacco could be grown here and some export market could be attained and the import of burley tobacco into Ontario cut off.

I would like your views on the current situation and the likelihood of having a modest burley crop in Ontario in 1987.

Hon. Mr. Riddell: I recall meeting with the burley tobacco growers some time ago. We had a general discussion of this very matter. I also believe that Ken Knox, who is chairman of the Farm Products Marketing Board, tried to negotiate some agreement between the burley tobacco growers and the dealers, but the dealers were not in the least bit interested, mainly because of the heavy inventory they had on hand at the time.

16:50

Russ Duckworth has been working in this field of tobacco and perhaps he can come up and let us know whether anything has transpired since we met with the burley tobacco growers a while ago.

I can well recall when we grew burley tobacco down in Essex county. It just seemed to fade away.

Mr. McGuigan: In Essex and Kent.

Mr. Duckworth: I do not have very much information to offer on the burley tobacco

situation. In 1985, when there was not a crop growing, it was a matter of the pricing structure. The dealers were not prepared to pay the price the growers wished. I understand, as of a conversation last night, that there is discussion between the Farm Products Marketing Board and the burley tobacco people, and I believe there is a possibility of a modest crop this year. At this time I do not know the extent of the pricing and how the crop will be priced. However, since the question has been raised, we will certainly pursue the matter. I do not have any further information at this time.

Mr. Stevenson: Has it not been two years since there was a crop in Ontario? The early statement I heard was that they had a supply of something in the order of two to two and a half years' in inventory. That is not recent information; that is something I recall for some time back. I may be wrong on that figure, but clearly there has been a considerable time to get that pipeline emptied out. It is also clear from US government publications that burley tobacco is coming into Ontario. The burley tobacco content in cigarettes and so on has decreased quite significantly over the years and therefore the need has gone down, but clearly it is still being used, and my reports are that there is a possibility of an export market.

While \$750,000 is not a small amount of money, in view of the amounts of money tossed around today in government circles and the amounts of money put up to try to get some rationalization in the flue-cured tobacco market, if government would step in and guarantee one third of that crop, that gesture would significantly increase the opportunity for a solution among the growers, processors and dealers and give an opportunity for those growers to get back into the market.

We are not trying to create a market; there is a market. Imports are being brought in to fill it, and if our growers can get their own house in order to allocate the market in such a manner that producers can produce enough to make it efficient to go ahead with, then I think the provincial government should do all it can to get that production in Ontario.

Hon. Mr. Riddell: I am prepared to make every attempt, through the Farm Products Marketing Board, to rekindle the interest on the part of the dealers. We are importing a product that we can be growing in this province, and I certainly want to see us growing it. We will be working with the Farm Products Marketing Board on this.

Mr. Duckworth: Yes, we will bring it to their attention. I would suggest that Mr. Stevenson's comment on the two and a half years' inventory is absolutely correct. In fact, in addition to the inventory on which the tobacco companies have taken repositioning, they have also taken a stringent look at their statement, and they are dedicated to readjusting their total financial structure within their operations. This has put a downward pressure on the negotiation process within the industry. The reduction of consumption of about five per cent per year aggravates the problem in total. There is a retrenchment in the tobacco industry. However, we are optimistic, in both the flue-cured and the burley tobacco areas, that this will be resolved to the satisfaction of both the growers and the manufacturers—in fact, the industry in total. We are quite positive on that point.

Mr. McGuigan: What amount of burley tobacco is actually used in domestic production? My understanding is that it is a very small amount and that it therefore would be a long time before we could use up that inventory. I am certainly concerned because most of the burley production is centred in Kent county. The tobacco grown in Essex today is mostly flue-cured—at least, when you drive around, those are the barns you see. The barns are vastly different for burley and for flue-cured. Burley is pretty well centred in Kent county.

The unfortunate part is that three or four years ago we were running out of tobacco barns. We were living on the tobacco barns that were built back in the 1920s, and they were falling down. I can think of three or four growers who put up barns that cost about \$30,000, and they grew only one or two crops. These barns are not a heck of a lot of use for any other purpose, either. That is the sad part of it.

Hon. Mr. Riddell: I do not have those figures at my fingertips, but we can get them for you.

Mr. McGuigan: I wonder whether Mr. Duckworth knows them.

Mr. Duckworth: No, I do not have those inventory figures on the usage of burley tobacco. The amount grown in Ontario is very small, I think about 400,000 or 500,000 pounds.

Mr. McGuigan: My understanding is that the problem really lies in the export market.

Mr. Duckworth: Yes, it is primarily. They had grown it in the past primarily for the export market. You are absolutely correct.

Mr. McGuigan: I should point out one other thing. Those import figures are not current. I

looked them up about a year ago. They really are not available in Canada, because the Canadian imports do not sort out the various classes. You have to get the American figures to come up with the answer, but the poundage is very small. They bring in special grades, but it is really a small number, something like 30,000 pounds, or 15 tons. It certainly upsets growers when they hear that any is being brought in, but I do not think we should hold out the hope that by cutting off those imports, there is suddenly going to be a big market for the product grown in Canada.

Mr. Stevenson: The growers are very aware it is such a small amount that they are going to have real difficulty allocating it to their growers. There are still enough people interested in growing it, and that is why I say they have some homework to do on their own to allocate it in an effective manner. Still, the crop could be worth up to \$1 million, and that is worth going after, would you not say?

Mr. McGuigan: Those may be more current figures. The figures I saw were nowhere near that.

Hon. Mr. Riddell: Mr. Stevenson, I might just note, on the basis of your previous comment, that Mr. Duckworth is a more recent acquisition of the ministry, so some changes have been made.

Mr. Stevenson: Thank you.

Hon. Mr. Riddell: He has just returned from China.

17:00

Mr. G. I. Miller: Mr. Chairman, this is the minister's birthday today. He is 39 and holding.

Mr. Stevenson: Congratulations.

Hon. Mr. Riddell: Thank you.

Mr. Stevenson: Many happy returns.

Hon. Mr. Riddell: I cannot think of a better way to celebrate it.

Mr. Stevenson: I doubt that you could, actually. It is such an enjoyable session here.

Mr. Chairman: I think they are trying to soften you up, Mr. Stevenson.

Mr. Stevenson: I am not sure which group to go to next. Let us try the seed corn growers. They have put in a request to be a named commodity under stabilization and they have certainly asked for provincial support. What is your feeling on that issue?

Hon. Mr. Riddell: I had a bit of a discussion with Mr. Wise at the first ministers' conference on some of these matters: various commodity

boards and farmers growing certain commodities wanting their product designated for stabilization purposes. I thought Mr. Wise gave me a very favourable response on some of these commodities. Mr. Ediger, maybe you know more about the seed corn request.

Mr. Ediger: As you know, seed corn is a negotiated commodity. Because it is negotiated, it does not fit under the stabilization formula as well as something that is on the free market. Therefore, the commission has generally taken the position that negotiated commodities do not fit all that well, simply because the price generally remains fairly constant, or it moves up.

As well, if you are negotiating a commodity, if there is a lot of pressure on the price and if you know you are below the stabilization price, you can drop it and you can almost set your payout out of the stabilization program.

Therefore, the commission has generally taken the position that negotiated commodities do not fit under stabilization, and I believe the federal government has taken the same position in this regard. I recognize that in seed corn, part of the formula follows the grain corn formula but part of it does not.

Mr. Stevenson: On the other side of the issue is the fact that other seed growers are covered. The agreement with the seed corn growers does vary with the Chicago market, and their incomes, particularly this year, have been very substantially affected. A recent press release said that the commercial corn growers probably should not expect to see much of a saving in their seed corn costs for next year. Certainly the seed corn growers have had a very significant reduction in income this year, something that cannot be adjusted through the formula. As well, they are really unable to maintain their income—if they are—without losing market share. In fact, I suspect they are losing market share right now to the US because of the agreement.

The seed growers on the other side of the border, however, benefit very noticeably from the guaranteed price over there. Thus, they are losing on both sides of the stick because of the market price going down on the basis of the Chicago market, the Chicago futures price. They are losing because they do not have stabilization here and, in an attempt to keep their incomes at a favourable level, they lose market share to the Americans, who, although they do not get it from the marketplace, get very substantial coverage from government sources.

Thus, it is not a terribly fair situation at the moment, and possibly, if some adjustments

could be made in the support system, they might well be willing to reconsider a few things in the negotiations that would allow them to keep the market share here. Certainly we can grow seed corn in Ontario that is as good as that anywhere.

Mr. Ediger: I recognize what you are saying about seed. Originally, the commission said that seed would not be included in any of the stabilization programs. As you know, it is very difficult to determine what is seed and what is not seed unless you have registered seed. Even there, if it does not qualify, then it becomes feed or whatever it might be. The commission finally said it was impossible to sort out the seed in some of the other commodities.

Seed corn is a very special commodity. It is negotiated and the acreages are planted as seed corn. It is the marketing board and the dealers who decided on the formula, and that includes the Chicago futures price. They could also change that formula.

What I am saying is that the commission looks at that and says it is their option to do it that way. It is as if we said we would stabilize tomatoes if all of a sudden the marketing board said: "We choose to negotiate tomatoes differently than we did in the past. We will negotiate them on the basis of competing commodities: corn, soybeans or whatever." Then they could make the same pitch and say to us that tomatoes should become part of the stabilization or should be considered for stabilization. I am not sure that is a good enough argument for it. My comment would be that this may not be a bad comparison.

Hon. Mr. Riddell: One of the commodities I asked Mr. Wise to consider was coloured beans. Red beans, which are grown quite extensively in southwestern Ontario, are not included in the stabilization program. This is one of the commodities that I certainly support. Mr. Wise said it would require amendments, but he was certainly prepared to have a look at it.

Mr. Stevenson: I will get back now to where we left off on the previous day in my season's greetings calendar from Mr. Wise and Mr. Riddell.

Hon. Mr. Riddell: By the way, I picked mine up the very day you brought it to my attention.

Mr. Stevenson: Very good.

Mr. G. I. Miller: Does everybody in the Legislature get a copy?

Mr. Stevenson: If you take out crop insurance.

By the way, Mr. Ediger, what percentage of the crop insurance budget goes to promotion?

Mr. Ediger: It would not be a big one. I would guess maybe \$40,000 or \$50,000. I do not have the figures right off the top of my head.

Mr. Stevenson: We established on Monday the difference between the Ontario and Quebec programs and the nature of that difference. I assume just from looking at these pictures that the Manitoba, Saskatchewan and Alberta programs are roughly equivalent to that of Ontario.

Mr. Ediger: It is the same cost-sharing agreement.

Mr. Stevenson: A report came out of British Columbia that was not a ministry or department press release; it was an article by a writer. Unfortunately, I did not cut it out and save it, but it clearly indicated to me that there was some provincial subsidization of crop insurance programs in British Columbia, specifically in apples. At that point, I phoned BC and the staff person I talked to said the report was incorrect or I had misunderstood the wording of it, that it was one or the other. However, I got my calendar and all of a sudden my suspicions were aroused again because instead of a five-to-one or a six-to-one ratio, British Columbia has a three-to-one ratio, which suggests to me that there must be some provincial crop insurance assistance of some type or another.

17:10

Mr. Ediger: I do not think so. The cost of administration in BC is high because of the high concentration on fruit there. Their other crops are spread over a very vast area and there is a small amount of insurance. The only place where I am aware there is some additional provincial subsidy is in the Peace, and that would probably be in both BC and Alberta. Those two governments have agreement with the federal government on that because it is so far north.

Mr. Stevenson: So much for that idea. I thought I had something there but unfortunately my suspicions were incorrect. What will we do next here?

Let us talk about the situation in the beef industry. The minister gave a speech in Grey county and the press reports stated that he came out quite solidly in favour of supply management for beef cattle. By the way, this was semi—I would not say totally—backed up by a speech given in the Legislature by the member for Grey-Bruce (Mr. McKessock). He certainly stated that you were very favourable towards supply management in the beef industry.

Then there was an article in Breeder and Feeder in which they questioned you on your

statement in Grey county. I will not quote you directly but you said the report was total BS. There is this issue out there, some lack of understanding among beef producers of a clear idea where you stand on supply management in the beef industry. We also have the situation with the checkoff that you announced a few days ago and the pressure that is being brought to bear by the Ontario beef producers for change. How are you going to handle this situation? How do you see it unfolding?

Hon. Mr. Riddell: In the speech I made to the Grey county beef producers—I make so many speeches I am not sure which organization I spoke to—I do not think one could anywhere draw the conclusion that I said I support supply management in the beef cattle business. I underwent a good hour or so of questioning by the producers and many of the producers in that area favoured supply management. I told them that I would like to give the tripartite stabilization program a fair try and that if there were chaos in the beef business after we had given tripartite stabilization time to see what it might do to prices right across this country and the competitive situation it put our farmers in, then the next route they might consider would be supply management.

We have the legislation in place and if enough beef producers want to take that route, all they have to do is submit a petition to the Farm Products Marketing Board and the gears will be put in motion. If they drew from those comments that I was advocating supply management, they went away with the wrong impression.

I am a strong proponent of supply management and marketing boards. I do not think we would have a chicken industry in this province if we did not have supply management. It created order out of chaos in the dairy business when we went to supply management. For eggs and turkeys, the program has stabilized the industry and has provided a continuation of high-quality food to consumers at the most reasonable prices you will find anywhere in the world.

However, I have never come out and said to the beef producers that they should enter a supply management program. I did tell them that if that was their desire, all they had to do was follow the procedure, come in with a petition signed by 15 per cent of the producers and the Farm Products Marketing Board would put the wheels in motion.

With respect to the nonrefundable checkoff for the Ontario Cattlemen's Association, as you well recall, at their convention last year, the delegates

voted by a majority of 78 per cent or 75 per cent in favour of a nonrefundable checkoff. Then they came to me to say, "Mr. Riddell, we expect you to amend the Beef Cattle Marketing Act." I said: "Wait a minute. I know you have a number of counties that did not express an opinion. I want you to go back to those counties and get some opinion from the beef cattlemen as to whether they want a nonrefundable checkoff." They did that and reported to me that 75 per cent, on average, voted in favour of a nonrefundable checkoff.

I met recently, I think within the same week, with the Ontario Cattlemen's Association and the Ontario Beef Producers for Change. I indicated that they should tell the producers there is going to be another vote on this at the convention in February 1986 and that they should make sure all beef producers know this vote is forthcoming—I will do my job in advising the producers there will be a vote—so that if they have any objections they can make sure they get out to their county meetings, which will be probably take place in December, January and early February, and express their objections and make sure they give the proper signal to the elected delegates to the provincial convention in Toronto in February.

I said that if these beef producers are well advised of the forthcoming vote, and if after they take the vote there is a majority of at least 66 2/3 per cent in favour of a nonrefundable checkoff, then I would be prepared to go into the House with an amendment to the Beef Cattle Marketing Act. The Beef Producers for Change know what I have promised, as does the Ontario Cattlemen's Association. Now it is up to the cattlemen's association to live up to its commitment to ensure the beef producers know what is coming at their convention.

17:20

Mr. Stevenson: I would like to pursue that further, but in the light of the time, we had better move on. I forgot to ask a question on crop insurance and I want to get back to it briefly. In the original agreement, whether to go 50-50 or the route Ontario took, is there an opportunity under the current act for provinces to move in and top up certain programs within crop insurance?

Mr. Ediger: I believe there is.

Mr. Stevenson: With onions, for example, if the onion crop insurance program could not be made effective under the current situation with premiums from farmers, could an individual provincial government step in and top it up somewhat to try to make it work better?

Mr. Ediger: I believe there is, except that the federal-provincial committee on disaster relief, of which I was a member, looked at the current agreements and decided at the time that what we should try to maintain in crop insurance, and what we are attempting to do, is to have an equitable amount of subsidy right across Canada. The committee felt it would not be desirable to move in certain areas. It is easy to say on the surface, "Maybe we should do more for a crop," but the next group of growers will say, "You should do more for us as well." It would be very difficult to draw the line. Currently, all provinces have the same subsidy with the exception of that little area and that was an agreement between the federal and provincial governments.

Mr. Stevenson: One producer group came to the ministry in the fall of 1985 prior to the 1986 crop to talk about improvements to a plan. I will not name the people and I will not name the crop because I do not know how well it is known in the industry.

They presented some options they felt would improve the situation. In discussing the plan, they mentioned one place where the plan was possibly ever so slightly too favourable and they hoped that by making one little change in one direction and several in the other they would have a better plan. What happened was that one change was made in the negative direction and none in the positive direction. That group, the few people who came in, I am sure have never told the industry what happened at the meeting because they might not be alive today if they did.

In fairness to the producers, the minister and the ministry should not shoot the messengers who come in. That group would have been a hell of a lot better off had it not showed up for the meeting. If you want meaningful input from the sectors of the industry, you had better deal with them reasonably fairly when they come to visit. That is the end of my comment on crop insurance.

Hon. Mr. Riddell: Was I present at the meeting?

Mr. Stevenson: I do not know. If the minister wants the name of the commodity and the person involved in confidence, I will give it to him, but I am not going to say it here.

Hon. Mr. Riddell: I would appreciate that.

Mr. Stevenson: I suspect the members of the industry are not aware of what happened at the meeting and for the health of the few people that came in, it would be best if their are were not known, if my reports are correct. I think they are

but I was not there so I cannot be absolutely sure that the information I have is 100 per cent correct. I have heard it from two people, independent of each other. As far as I know, the one did not know that the other one was telling me the same story. That is why I think it is reasonably accurate.

Mr. McGuigan: Is there not a lot of misinformation about crop insurance? I am not saying there are not improvements that can be made. Obviously, improvements will be made when your committee reports. Along the areas of misinformation, and I hear it from a number of people, one seems to be that there is not a high enough level of production.

I guess the greatest example this summer was the peach grower who said that he thought he had bought protection for \$120,000 and he only got protection for \$40,000. In the view of a lot of people reading that, they would say it was a bad deal. The truth is, he can get protection for 80 per cent of the orchard value of the crop. I am sure in my own mind that when he was talking about \$120,000, he was talking about the cost of the product after it had been picked, graded, packed, put in baskets, put in master containers and perhaps even shipped and laid on the doorstep of a Toronto store or wholesaler.

His loss was actually in the orchard and he did not have the expenses of all those other things. It could cost him as much money to pick, pack and ship that crop, perhaps even more, than it cost him to grow it. If he had the maximum coverage—as a matter of fact, I understand in that man's case he was given better than the coverage he was entitled to if you have to take the first five years as an average. Because he was a new grower and did not have a base to come on, he was actually given quite a high base.

A lot of the points about crop insurance are due to a misunderstanding. It covers 80 per cent of the amount they put down as their production amount. That is darned good coverage. I have had crop insurance ever since it was put in place. As a matter of fact, I got hail this year the day before they got hail in Toronto, although not to the same devastating effects. The people right in the core of it got 100 per cent. We ran from 30 to 50 per cent but still suffered a darned good loss. Nevertheless, we settled the other day with crop insurance on our apple crop and I am reasonably pleased with the amount of money. It would have been a lot better if I had never had hail, naturally.

Do you not think a lot of the complaints are due to misinformation, that people do not understand how it works?

Hon. Mr. Riddell: There is some misunderstanding but I also think there is sheer hope that when there is a disaster of some kind, the price established will be the price after it has been processed and distributed and everything else, rather than the price of the peach on the tree. I think there was a general understanding of what the insurance was all about, that there was 80 per cent coverage. The last time the peach growers were in—Mr. Ediger, perhaps you can elaborate on this—they were relatively happy with the crop disaster portion of the Ontario family farm interest rate reduction program. What they did ask us to consider was raising from five tons to seven tons. They had a full understanding of the program, but they thought maybe—

17:30

Mr. Ediger: Under the special OFFIRR part of it, we are saying that we will start the program after they lose 30 per cent from the normal yield. We have said that the normal yield on peaches in Niagara and anywhere else is five tons. They were making the pitch that it should be seven tons. Our figures indicate that five tons is pretty high. As Mr. McGuigan has indicated, in some instances these people, even under the program, have received fairly good protection.

We have gone back again and worked the figures for Niagara-on-the-Lake, and the average yield over the past five years is still under five tons. Therefore, the amount of protection we are giving them under the OFFIRR program is quite fair.

Hon. Mr. Riddell: They were basing their request on the fact that there was a bumper crop of peaches this year. There is no question in my mind that, had they been able to harvest those peaches, they probably would have had an above-average tonnage, but you do not base your decisions on a predicted one-year crop.

Mr. McGuigan: I was asking my son about applying under the extra program, because our peaches also got hail. His answer was that we had 10 tons to the acre, so there was no way we could apply for this. Maybe I have some cause to complain that we did not have a higher amount. On the other hand, when you have 10 tons to the acre, even if you get 70 per cent off, you still have a fair bit of money. While I wish we could have collected, I realize at the same time that perhaps this is wishing for too much.

Mr. Ediger: You had an exceptionally good yield.

Mr. McGuigan: We got into this close-planting process. My son is getting yields of four times what I used to get with wide planting.

Hon. Mr. Riddell: Farmers fail to realize that this is an insurance program and nothing more than an insurance program; it is not a stabilization program and it is not a program that has a built-in profit. It is insurance, the same as any insurance program where you take out insurance on the buildings on your farm—nothing more, nothing less.

Mr. McGuigan: I have just one further comment. The member for Durham-York (Mr. Stevenson) mentioned topping up crop insurance. My own feeling is that if we have extra moneys to top anything up, it should be done in income stabilization rather than in crop insurance. I am not against putting all the dollars we can possibly get into agriculture; I just want to know they are needed. That is the route to go rather than crop insurance.

Mr. Stevenson: The next question relates to corn and corn tariff, but before I get to that I would like to give the staff something to do. I can do it either here or through a question in Orders and Notices. It is easier to do it here.

We talked earlier about supply management and the possibility of its happening in the red meat area. I suspect that if pork or beef goes, it will not be very many years before the other one goes, likely. The reduction of the beef herd particularly in North America has caused a rather profound change in the amount of grain that is not being fed to livestock. The North American livestock industry is a tremendous granary or market for feed grains. We have had that decline in livestock numbers, particularly in beef and, to a lesser degree, in hogs. I cannot recall the figures right now on the whole North American scene.

If we go into supply management, undoubtedly there will be a fairly significant reduction in livestock numbers again with that move, I would assume. I would like to see the calculations showing the livestock numbers in Canada and the United States for beef and hogs from the early 1970s until the present and an estimated figure for the amount of grain that each annual decline has left on the grain market to be marketed some other way.

Then I would like to see an estimate of what the ministry feels the livestock numbers in Canada would be if we went to supply management. I realize it is going to have to be a guesstimate at best, but I am sure from what has happened in the poultry industry and so on that you can come up with some sort of figure on that. Then I would like to see how much more grain

you feel will be left on the Canadian market as a result of that change in the livestock number.

I suppose that leads to the question of how close a movement to supply management in red meats brings us to supply management in grains. Maybe somebody has those numbers at his fingertips right now. If not, the calculations will not be that difficult to come up with, and I would appreciate having those figures from your efficient staff.

Hon. Mr. Riddell: You are presenting a pretty hypothetical case. I do not know whether we can get those figures for you; we will certainly look at it. However, you are totally ignoring the consumption trends we are seeing today. You are ignoring the fact that we do export both beef and hogs down into the US and elsewhere. If we go to supply management, you will see many of these export markets dry up or certainly decrease substantially in comparison to what they are at the present time.

This is a point I made when I was speaking to the Grey county producers. If they want supply management, they had better set their minds to the fact that our exports will likely dry up. That, of course, will mean less production required in this province, and that means fewer farmers. Is this really what they want?

Gary Lentz, where are you? Bob Seguin is at the Outlook conference. Mr. Lentz is his able assistant in this matter. Do you want to comment on whether we can get those figures or do that kind of study?

Mr. Stevenson: It is very simple. I am not overlooking anything. I would beg to differ with the minister. I think I have a fairly realistic understanding of the factors involved. If the ministry does not wish to take a guess at what supply management will do to future livestock numbers, that is fine. I will make my own guess and my own calculations. That will not be difficult. The ministry will easily have available the livestock numbers in Canada and the United States over the past 12 or 15 years. The ministry will have easily available the approximate average conversion in hog production for grain going into an animal unit. That calculation is very straightforward.

17:40

The same thing applies in beef cattle production. I know the diets in Oregon will be somewhat different from those in Iowa, Florida, Alberta and Ontario, but there will be a figure that is moderately accurate for grain going into an animal unit in the beef industry and the dairy industry. Therefore, it is a matter of getting out

the tables, making those calculations, showing me the numbers you used in those calculations and at least bringing us up to today. As far as livestock are concerned, if you show me those numbers to that point and get me the conversion factors, I will make my own assumptions on what is going to happen in the conversion to supply management and I will make my own calculations.

Dr. Lentz: I would agree that yes, we can get those numbers of livestock over the years in Canada, the US and Ontario. I do not have them in front of me today, but I think we can do most of the calculation or the effort you are talking about.

Mr. McGuigan: May I have a supplementary on that? On that question, the answer is that it is not of much use. If you are coming to a vote, that is the way it would be done. If you are voting on a supply management system, it is going to be the cattle people who vote or the hog people who vote, not the grain growers, and I do not think either one cares a great deal what happens to the other. They are after their own particular interests.

If I may use what I have always said to hog producers when they asked me about this question, I point out to them that we are sending about 30 per cent of our hogs to the US now. If you bring about supply management, that means you are going to ask for a higher price than the North American price. That automatically cuts a few out of the market because of the General Agreement on Tariffs and Trade trading rules, where you do not have a two-price system.

For the purposes of argument, you might have a trader in the US who would be willing to pay more for Canadian bacon simply because he likes it, so we will say that the 30 per cent translates back to a 25 per cent drop in the number of hogs you are going to produce in Canada.

Then you have not really changed anything as far as the Canadian market is concerned. If you are going to raise the price, you have to short the market, so we will say for the sake of argument that you cut the number of hogs down another 10 per cent. You are talking about a 35 per cent reduction in the number of hogs.

I am sure there would be some very big producers who could live with 35 per cent of their barns empty. If you get down to the people who have modest operations and knock 35 per cent off their production, they then have a higher-cost operation because of the economies of scale that they have lost.

Then you look across the road at the poultry producer, who now has a red meat price that is a

lot higher to shoot at. He can increase his production in a matter of months. If you lay that scenario before the hog producers and ask them to vote on it, I am fairly confident of the way they are going to vote.

I do not see the purpose of going through an exercise as far as grain production is concerned, except perhaps to give a message, but I guess I am a fairly direct person. I would like to direct the message to the hog producers or to the cattle producers. Lay it on the line. It is their choice. I do not think you or I or any of us wants to tell them how to vote. All we want to do is tell them what is likely to happen.

Hon. Mr. Riddell: Over the years the beef producers have sure told us what they think of it, anyway.

Mr. Stevenson: I am not sure where the member got the idea that I was going to use these calculations to put out some message. The questions I have asked and the data I have asked for have some fairly significant implications in planning for future agricultural policy in the event of an affirmative vote.

I know what the historical position has been and I have a guess at what the next vote is going to be as well, but it does not hurt to be prepared. I think the calculations will surprise a few people whether or not they are included in any message. This is information that the policy people in the ministry might like to have; in fact, I may have done them a great favour. If I had been able to do those calculations easily myself, I guarantee that I would not even have mentioned the bloody idea here. I would have done them some time ago and I would not be passing on such helpful suggestions to the ministry.

Since I do not have the time to dig out those tables and do those fairly easy calculations, I suggest it might be wise if they did it. Now that I have mentioned it, I think somebody will be curious enough and interested enough to do it, and I am just asking you to pass the information on to me after it is done.

Mr. McGuigan: I hope they can do it on the back of an envelope.

Mr. Stevenson: I will decide what I am going to do with the information after I have it.

Hon. Mr. Riddell: How they will come up with all the variables I have no idea. You have to consider the market share that would go to Alberta and the market share that would go to Quebec.

Mr. Stevenson: You just get me to the present; I will worry about the future.

Mr. McGuigan: What I am worried about in the future is that historically—and only time will bear this out—cheap grain means cheap meat, and that is the real worry we should be talking about.

Mr. Stevenson: As a hog producer, I have some interest in that line and would like to pursue it but, unfortunately, time does not allow me to do so.

The Acting Chairman: Mr. Stevenson, I am sure the ministry staff are aware of the information you require. As you indicated, the information required will not be forthcoming during the life of these estimates. If the information is not what you would have wished, you always have the benefit of Orders and Notices.

Mr. Stevenson: Thank you. I imagine we are getting close to the end.

What is the current situation in the conversion from cream to milk, with the milk board giving—I am not sure that is the right term—converting quota of the cream industry and basically exchanging quota to allow cream shippers to convert to milk? I gather there was a period when everything went dead in those talks. Then I heard not very long ago that there was some thought that there might be an acceptable compromise. Where are we as far as that situation goes right now?

Hon. Mr. Riddell: Ken Knox, the chairman of the Farm Products Marketing Board, has been talking to the milk producers and the cream producers. With all those discussions, I do not think they have come to any decision whatsoever. I do not think the cream producers were happy with the proposal that was made.

Mr. Slemko, have you been in on these discussions at all? Maybe you can bring us up to date on the situation.

Mr. Slemko: The discussions on this issue go back almost a year. During the summer and fall, the Farm Products Marketing Board and the Milk Commission of Ontario met with the various groups involved: the milk board, the cream board, the cream action committee and perhaps one or two other associations. The industry was not able to reach a consensus on the conversion issue, and I believe as recently as two weeks ago the chairman of the milk commission, Ken Knox, wrote a letter to the various parties. His letter indicated that in the absence of consensus on this issue, they strongly encouraged the various parties to pursue it, to get together as soon as possible to re-examine the situation.

17:50

The minister is correct. We understand that as recently as Friday of last week, the Ontario Milk Marketing Board met with the Ontario Cream Producers' Marketing Board, given that there is a new chairman of the cream board, and discussions were still under way. I was also led to believe they were rather constructive, positive discussions. Where it will end up is still uncertain, but the interest being expressed by various cream producers is something the Milk Commission of Ontario has given a lot of consideration to. Besides, the differences in opinion between the milk board and the cream board do not now appear to be as far apart as they were earlier this summer.

Mr. Stevenson: Is it your best guess an agreement will be reached?

Mr. Slemko: I hate to hazard a guess now. I think some kind of agreement could be reached. It might not be an agreement to the full satisfaction of the cream shippers; conversely, it might not be an agreement the milk board is able to live with.

Mr. Stevenson: In the report on the cream industry, it was stated that to have a viable industry they had to maintain at least 1,500 producers. Do you support that statement? What is necessary to maintain a viable cream industry in Ontario? In the minister's or the ministry staff's opinion, how important is the cream industry here? What are your views on how this thing is going to unfold? What would you like to see happen?

Hon. Mr. Riddell: I do not question the cream producers' figures. Retaining a viable cream industry has been the main concern of this whole thing. This is where the milk board and the cream producers have parted company, if my memory serves me correctly. The milk board was quite prepared to give the cream producers a conversion, in other words a quota to produce milk, but the cream producers responded: "That is fine, but if that happens, we will dwindle down to a point where we will no longer have a viable cream industry. We feel the quota we now have for cream should be maintained even though the cream producer is given quota to produce milk." The milk board did not favour that suggestion.

I would like to see the retention of a cream industry in this province, but I am not sure I can indicate how many producers it will take to retain a viable industry. What do you think of that? Maybe you want to comment.

Dr. Collin: There is a signal from the staff and the minister, and two programs have been

introduced. The issue is not only volume but quality and the retention of a viable creamery industry itself. The minister has introduced the two new programs, the cream quality improvement program and a continuation and reintroduction of the cream quality assistance program. That is the offer to the industry: here are two tools to assure the continuity and supply of good quality cream to the creameries themselves.

The minister is very fair in saying, "The responsibility and decision has rested with the cream producers' board and the creamery association as being the two key components." I am sorry Ken Knox is not here. He is at a farm products marketing meeting today. He has worked very hard and diligently with these two groups. The ministry has moved forward with these two programs to ensure the industry has the chance of continuation, which to my way of reading is an indication of dedication to see there is an opportunity for cream producers in the province. The issue is quality as well as quantity.

Mr. Stevenson: I expected that sort of response because it is important, particularly to the smaller operations in Ontario. To many of them, it becomes a fairly significant portion of their income. For that reason, it would be quite an economic jolt to the industry in general, but particularly to those 1,800 families, if the industry were to die rather suddenly.

I notice our deputy has just walked in with some news. How many minutes does it take us to go through the vote? How many minutes are left?

Mr. Chairman: Thirty seconds.

Mr. Stevenson: Thirty seconds? Let us give all 30 seconds to—

Mr. Chairman: It is about 10 minutes.

Mr. McGuigan: I have an individual case and I promised the chap I would bring it to your attention. Can I have two or three minutes in which we can look at it if the member for Durham-York will relinquish the floor?

Mr. Stevenson: I have a great list of questions still to go, but I will give the member for Kent-Elgin the opportunity to help his constituent.

Mr. McGuigan: You will enjoy this case. Apparently, it is unique. A chap by the name of Marius Verbeek lives at Muirkirk. He emigrated from Holland and started a dairy farm. He developed quite a large operation and was doing very well. In 1978, we had a terrible winter storm that went down the lakeshore and smashed a lot of greenhouses and this fellow's dairy barns. He had to rebuild them and he is a large operator. He

got the barns rebuilt just in time to catch those high interest rates of 22, 23 and 24 per cent. Then in a five-year period, he lost a couple of crops because he is on very heavy clay land. One year it was terribly dry and he had a poor crop. Another year it was terribly wet and he had a poor crop.

He found himself in a serious financial situation. Like so many of us should do, he reorganized, as interest rates were getting too great and he was going to go down the tubes. He sold out quite a chunk of his property to a foreign investor. Marius's contention is that the \$180,000 that was picked up under the 20 per cent tax for foreign investors is money that was generated out of this producer's misfortune. The producer intends to carry on his farm operation on a smaller scale. He hopes some day to buy back land.

He feels that the \$180,000 came out of him because he had to lower his price by that amount to attract the foreign investor. When the act was brought in four or five years ago, it was a seller's market, so he could easily have tacked the 20 per cent on to the price of the land and the foreign buyer would pay it. Today his contention is, and a lot of people would agree, that it is a buyers' market now and Marius says that money came out of him. He is proposing that after a period of time—maybe three years in which he proves his good intentions and good record and has actually farmed through the period and is on his way to recovery—he get some of that money back.

I have had a lot of correspondence with you and your officials. Their point is that they would not want to do anything that would make it easier for foreign buyers to acquire Ontario land. Marius's contention is that he does not want to change the act and do away with the 20 per cent. He simply says that after a producer such as himself has proved his ability, or intention, to stay on as a farmer, some or part of that money should come back to him.

18:00

I realize this is very difficult situation. It is not easily solved. He keeps repeating that the government benefited from his misfortune, which I do not think was ever the intent of the act. What I ask is that you put some of the best brains you have, and I know we have some terrific brains, to see whether they can find a possible answer to this gentleman's problem.

I promised I would bring it up at estimates and I am doing so. I do not expect an answer now because I know it is very involved. However, if you can put some of your best people on it to see

whether there is some possible solution to the problem, I would appreciate it and so would he.

Hon. Mr. Riddell: As the member knows, the land transfer tax does not come under the jurisdiction of my ministry. I believe it comes under the jurisdiction of the Treasurer (Mr. Nixon), and he would have to make that decision. Your constituent, I must say, did not pay the tax. The person who pays the tax is the person who buys the land. If he had to lower his price because of the 20 per cent land transfer tax, then it is a different situation than I have experienced in my part of the country where the 20 per cent tax did not discourage nonresident foreign buyers from buying land.

When you consider the amount of money that is available in foreign countries and the amount of money they can sell their land for in these foreign countries, and then spend that money on land in this country, they do not blink at the 20 per cent land transfer tax. I am not quite as convinced as the member that the 20 per cent land transfer tax actually lowered the price of that farmer's property by \$180,000. It is my understanding he sold the property for \$900,000. I am not sure how much land was involved. If I could sell my land, which is 200 acres, for \$900,000, I probably would not be sitting around this table at the present time; I would be home selling the land. I think perhaps he did sell it for a good price.

Mr. McGuigan: There is too much farmer in you to sell at any price.

Hon. Mr. Riddell: Perhaps the member can tell me how much land was involved. If he sold the land for \$900,000, I do not know that he has much to complain about. We can bring it to the attention of the Treasurer. The Treasurer is apt to say that we should not start making payments on land that was purchased by a nonresident foreign owner. Furthermore, I must tell you that I am a person who, for some time, has tried to discourage the nonresident ownership of land in this province. I do not want to take credit for anything, but I think I was instrumental in having the loophole in that blasted act patched so that we could collect our 20 per cent land transfer tax.

Perhaps the member is talking to the wrong person. As I say, I am one who wants to discourage, as much as I possibly can, nonresident ownership of our farm land in this province.

Mr. McGuigan: I concur with what the minister said except in one respect.

Mr. Chairman: Can you make this very brief? Our time is up.

Mr. McGuigan: I understand there is very little foreign buyer activity at present, so there is not much you have to discourage. In the past year or so, it pretty well has been a buyers' market compared with the time you are talking about. I supported you in that move. It was a sellers' market then. In my mind, that is the only thing that justifies to any degree what he is asking for.

Mr. Chairman: That completes the allotted time for the ministry. We must go through the process now of passing the individual votes.

Vote 1601 agreed to.

Mr. Stevenson: May we have a 30-second synopsis from the deputy on the \$1 billion?

Mr. Chairman: Is that the wish of the committee? Agreed. There will be 30 seconds. We have passed vote 1601.

Dr. Switzer: I will be 30 seconds. There is not much I can add to what you already know. The federal government has put out a document such as this with all the press releases in it. I notice that the information in this paper, whatever it is, seems to be accurate.

The only thing I might add is that the funds were distributed by means of a formula. The important thing about that formula was that it was generally agreed to by the farm groups across the country. It is worthy of note that the farm groups came to a consensus on this, even though some of them probably felt other parts of the country were getting more than they were. However, they did come to a consensus and that is very important.

The only other thing in my 30 seconds is that the total amount Ontario will get out of it is basically dependent on the number of applications we get from the farmers of Ontario. Every farmer has to apply for this. If some choose not to apply, obviously the amount will go down.

Mr. McGuigan: Every grain farmer.

Dr. Switzer: Every farmer who is eligible, which includes grain and oil seed producers.

Mr. G. I. Miller: Does that include wheat?

Hon. Mr. Riddell: If all farmers apply, our closest estimate is that we should be getting about \$120 million, which is not as much as I had hoped for but a heck of a lot more than I had feared.

Mr. Stevenson: If a guy is growing grain and feeding his own livestock, he still qualifies.

Dr. Switzer: Yes.

Mr. G. I. Miller: That is wheat, soybeans, corn.

Hon. Mr. Riddell: Canola.

Mr. G. I. Miller: Barley, oats?

Hon. Mr. Riddell: Soybeans, wheat, corn, oats, barley, mixed grain, rye, canola. Our closest estimate of the rates per bushel—this could change—is 19 cents for soybeans, 48 cents for wheat, 34 cents for corn, 18 cents for oats, 28 cents for barley and mixed grains, 22 cents for rye and 49 cents for granola. These are estimates.

Mr. Stevenson: Grain corn qualifies; forage corn does not?

Hon. Mr. Riddell: No.

Dr. Switzer: If corn goes in the silo, it does not qualify.

Mr. McGuigan: There is an old farm saying where I come from: "Poor hay is better than snowballs."

Hon. Mr. Riddell: Silage does not qualify.

Mr. Stevenson: What about high-moisture corn? Kernel corn going into a silo will qualify.

Dr. Switzer: I cannot answer that. All I know is they said silage does not qualify. I guess I read silage as being whole corn plants going into a silo. That is a good point.

Mr. Chairman: We are cutting into 1987 estimates now.

Votes 1602 to 1604, inclusive, agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Agriculture and Food.

I take this opportunity, and I am sure I speak on behalf of the committee members, to thank the minister, and particularly his staff who were so helpful during these debates in providing us with information.

Hon. Mr. Riddell: Thank you, Mr. Chairman, for a job well done. I want to thank my opposition critics for making it a most interesting session.

The committee adjourned at 6:09 p.m.

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 Slemko, B. J., Director, Food Processing Branch
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 Gallagher, D., Assistant Manager, Agriculture Energy Centre
 Duckworth, R. E., Executive Director, Marketing Division
 Ediger, H., Executive Director, Foodland Preservation and Financial Programs
 Lentz, Dr. G. W., Manager, Policy Development, Economics and Policy Co-ordination Branch
 Switzer, Dr. C. M., Deputy Minister

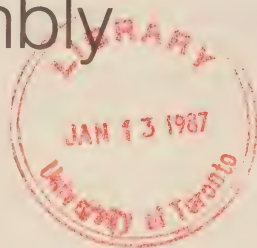


No. R-16

Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of Energy

Second Session, 33rd Parliament
Thursday, December 11, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 11, 1986

The committee met at 3:36 p.m. in room 151.

After other business:

Mr. Chairman: We are prepared to begin the estimates of the Ministry of Energy. We have eight hours devoted to Energy. That means we should be able to finish it off next week without any difficulty. I will turn the first part of the debate over to Mr. Kerrio.

ESTIMATES, MINISTRY OF ENERGY

Hon. Mr. Kerrio: I have circulated a letter, of which you have a copy. It asked the two critics, Mr. Taylor and Mr. Charlton, to consider what you would like to do about time allotment for the Ontario Energy Corp., the Ontario Energy Board and Ontario Hydro. I am willing to give the time allotment members of the committee, and particularly the critics, feel might be necessary.

Mr. Chairman: Is there any discussion on this? One way is to go through the votes; and the other, as suggested in the letter, is to take two and a half hours for opening statements and responses today, then move to the Ministry of Energy, the Ontario Energy Corp., the Ontario Energy Board and Ontario Hydro. It is really in the hands of the critics.

Hon. Mr. Kerrio: I would make one more comment, subject to what the chairman has said. This is an attempt to be able to give a time slot to the people so they would not have to be here at all times. That is the reason for it.

Mr. Taylor: I am more inclined to go on the estimates vote by vote and not allocate an amount of time in advance. For example, I think two and a half hours is an inordinate amount of time to make speeches.

Hon. Mr. Kerrio: I thought you would be glued right to it.

Mr. Taylor: I am always anxious to hear what you have to say and I will listen very attentively, but I do not expect to respond for 30 or 40 minutes. I am more anxious to get into the ministry and its spending. I think a fair amount of time will be spent on Ontario Hydro—probably the bulk of the time, in my view.

Mr. Charlton: Probably some kind of compromise is warranted here. I understand what Mr. Taylor is saying in terms of working through the

votes, but this ministry is unique in the different organizations that are involved and the need to have staff available. There has to be some advance notice of who it is you want here or you have a real difficulty. You cannot deal with Ontario Hydro or the energy board if they are not here because you have not made that decision.

Although it is useful to not fix the number of hours we are going to spend on each item, we do have to decide in advance who we are to deal with on what days.

Hon. Mr. Kerrio: If we were to go through most of the votes, I would ask for a little bit of time so we could bring the people in at the appropriate time.

Mr. Chairman: Let us deal with the opening statements today. Before we conclude today we will have an agreement about who the critics would like here on Monday. That is only fair. Let us start with the first vote, and under that will be the minister's opening statement and the critics' statements.

Hon. Mr. Kerrio: I am pleased to come before you and present our estimates. This is the second time I have come before this committee as Minister of Energy. There was an excellent dialogue the last time in the sense of the direction the critics thought we should be going; a dialogue we feel is always productive.

At this time last year, I had been in the portfolio only about six months. This year, after a year and a half on the job, I have a better appreciation of Energy, the complexity of the major issues, where we stand on them and how I would like to deal with them over the next few years.

I would like to touch on some of these issues in my opening remarks today and tell you how I think they fit in the overall energy plans for Ontario.

Judging from the correspondence I receive, the people of Ontario are very interested in energy. I can also tell you that there is strong support for the directions and initiatives taken by this government.

During the past year, three energy policy issues have been at the forefront of my priorities.

First, I have sought to have the government increase its focus on energy conservation and

efficiency, and particularly electricity conservation.

Second, my staff and I have been setting the stage for a new policy direction to Ontario Hydro as the utility reviews the best ways to meet Ontario's future electricity needs.

Third, the Ministry of Energy has taken strong and effective action to protect the interests of small consumers and Ontario industry in a new Canadian natural gas environment.

I would like to comment on each of these three areas today. I hope I can give you a sense of how our new policies and programs will work.

Energy, conservation and efficiency: in September, I released a policy paper called *Toward the Year 2000: An Energy-Efficient Ontario*. The paper lays out a framework for the government's action plan to make Ontario more efficient. I think it is worth focusing on these plans for a moment.

Our objectives for energy conservation and efficiency are clear. We want to maintain and increase Ontario's industrial competitiveness. We want to reduce energy bills and so increase consumer spending. We want to increase cost-effective investments in energy conservation and efficiency. We also want to reduce the environmental pollution that is related to energy in Ontario.

At present, we waste far too much energy in Ontario. If it goes unchecked, that waste will catch up with our economy. If that happens, not only we but also future generations will have to pay the price. People who buy the products we export do not care about the fact that Ontario uses a lot of energy. They could not care less about our cold climate or the fact that we have to transport goods over long distances. They look at the bottom line. They do not buy our products unless those products compare favourably with the others that are available.

One of the most effective ways we can maintain an attractive bottom line is to reduce energy costs for everything we produce. Conservation will also help improve Ontario's energy security by making us less dependent on energy sources whose future price or availability are uncertain.

On the day we released the conservation paper, I also announced several new programs designed to achieve the government's policy objectives. In very broad terms, these programs are aimed at helping each sector of the economy achieve the highest potential for conservation and efficiency. The programs cover four main areas: the consumer and residential area, industry

and agriculture, large buildings and transportation. Within these areas we are focusing our efforts on those energy users and uses where our efforts will have the greatest payoff. As well, we are increasing our emphasis in northern Ontario where energy costs are very high.

Let me give you an example of some of our recent initiatives. One I am pleased about is our energy education program. The program is designed to teach Ontario school children about the importance of energy in their everyday lives and to introduce Dudley the Dragon to your glorious leader, Mr. Rae.

Mr. Chairman: I am sure he appreciates that.

Hon. Mr. Kerrio: I think I can send him an autographed picture and tell him the one on the right is Dudley—or left, whichever the case may be.

Mr. Chairman: Just stick to the script.

Hon. Mr. Kerrio: The focus of the program is a play called *The Conserving Kingdom*, which stars Dudley. The ministry sponsors performances of this play at schools across the province and more than 200,000 students have seen it.

As in many of our other programs, our energy education program contains elements designed to benefit northern Ontario residents. The *Conserving Kingdom* tours northern Ontario, as well as southern Ontario, in French and in English. We have produced a filmed version of the play in both languages too, which is available on loan to schools, free of charge.

The Ministry of Energy is also very active in the residential area. In particular, we have been working very closely with the federal Department of Energy, Mines and Resources to promote the R-2000 standard of home energy efficiency.

I would like to highlight a recent and very successful initiative. In co-operation with Fiberglas Canada and Select Home Designs of Vancouver, my ministry sponsors the R-2000 student design challenge. The competition challenges young architectural students to design new R-2000 homes. This exposes the architects and home designers of tomorrow to energy-efficient home design. It also provides dozens of innovative new designs in the process. These designs give builders more to work with. This is just the second year of the challenge and already every school of architecture and architectural technology in Ontario is participating.

15:50

The homes being built today will last for many years. If we can build more energy-efficient

homes, we will have gone a long way towards improving the long-term energy outlook for Ontario.

In the coming months, the Ministry of Energy will work with the Ministry of Housing and the building industry to look at ways to strengthen the energy performance of residential buildings in Ontario. I would like to see a careful review by the government and the building industry of the energy component of the Ontario Building Code, with a view to achieving greater energy efficiency in our housing stock.

The government is also moving to improve the energy efficiency of Ontario industry. Our new industrial energy services program was announced in September and will be up and running next month. This is a three-year, \$5-million program that provides free energy use analyses for all Ontario manufacturers that spend more than \$50,000 each year on energy. These companies use more than 97 per cent of all the energy consumed by our industries. Equally important, the program will help smaller manufacturers with things such as feasibility studies and project engineering costs.

Several of these new projects are scheduled to begin soon, including a wood products plant in Sault Ste. Marie, a specialty steel foundry in Orillia, a distillery in Waterloo and an auto parts plant in Burlington.

Greater energy efficiency generates more bottom-line dollars. That is how we plan to sell industries on efficiency and its potential contribution to productivity.

In November, my ministry and Ontario Hydro signed an agreement to provide an estimated \$1 million in funding towards a joint demonstration program in energy monitoring.

Energy monitoring reduces waste by improving operations and telling a company when it needs to replace defective or worn-out equipment. Energy monitoring has several other benefits, including improved productivity through reduced waste, lower equipment downtime and tighter inventory control; accurate cost allocation within the plant, so that each profit centre or production line can be billed for the exact amount of energy it uses; and improved decision-making on plant extension or modernization.

The ministry also introduced an enhanced agricultural energy services program in September. This program will achieve permanent improvements in energy uses on the farm by helping farmers adopt energy-efficient technologies and practices. For example, installing

microprocessor controls in livestock buildings can help to minimize operating costs and squeeze more energy from each dollar, and we all know farmers love to save money.

Mr. Taylor: Yes. They do not have the money to spend on microprocessors, though.

Hon. Mr. Kerrio: They are going to get a transfer from the feds this year for the creative savings they make.

Some of you may be familiar with the ministry's downtown energy forum program. For nine years, it has promoted energy management in large commercial buildings in Toronto and Ottawa. Given the successful track record of this program and the government's commitment to help small-town Ontario, we have introduced a spinoff program for smaller centres.

The cities energy forum provides workshops and seminars on energy management and, like the downtown forum, is completely voluntary. Earlier in 1986, we ran four successful pilots in London, Sudbury, Niagara Falls and Oshawa, and we are holding others in Sault Ste. Marie, Windsor, Kingston, Scarborough and Kitchener. From conversations I have had, I know the response from participants has been enthusiastic. As well, I know many local chambers of commerce are actively involved. That tells me the program has a very broad base of support.

In the consumer area, the government plans to get much more involved in efficiency standards for new appliances. We will be working with the federal government and with appliance manufacturers, utilities and consumer groups to ensure the successful adoption of a new voluntary appliance manufacturers' program to replace the federal EnerGuide program. If the voluntary program is not successfully adopted, the Ontario government will examine other measures to ensure that energy-efficient appliances are sold throughout the province.

Overall, I believe our energy conservation and efficiency policies and programs are coming together very well. However, it is one thing to preach conservation and efficiency; it is quite another to practise what you preach. That is why the government is showing new leadership in energy conservation and efficiency in its own operations.

In government buildings, we plan to achieve a 10 per cent reduction in energy use by 1992, reductions that come on top of the 30 per cent improvements made in most government facilities since the early 1970s.

In the government's car and light truck fleet, we have set tough new economy targets that will

also lead to significant reductions in the amount of energy we use.

Energy conservation is a hard sell when energy prices are soft, but when people see what can be accomplished, we are betting they will become believers. We think the best way to sell people on saving energy is by doing it ourselves.

On the federal-provincial memorandum of understanding, almost every government program has high-sounding objectives, but the true test is program delivery. This government plans to deliver its programs more effectively than in the past.

Last September, I signed a memorandum of understanding on energy conservation and efficiency with the federal government. The agreement will be in effect until March 1988. The agreement reflects some of the things my constituents have told me are important to them. It emphasizes eliminating programs that duplicate each other and saving costs as a result; introducing new areas of co-operation between our two governments; simplifying intergovernmental project approvals; improving technical information-sharing between our respective staffs and focusing federal funding in Ontario more closely on provincial priorities. The last point is important to me and I am pleased to see it is a major part of the agreement.

The agreement will allow the Ontario and federal governments to co-operate more closely on the nuts and bolts of program delivery, planning, financing and implementing a wide range of energy conservation and alternative energy projects. We believe that by working together we can achieve the goals we share. Since last September, we have approved six projects with a total provincial investment of more than \$1.6 million.

I have tried to give you a fair assessment of our energy conservation and efficiency programs and policies. Now I would like to move on to discuss the second major area I intend to cover today, meeting Ontario's future energy needs.

The energy scene in Ontario is changing rapidly and these changes pose many new challenges for our society. To ensure a healthy energy future for Ontario, the government is placing a high priority on finding new ways to meet our energy needs.

As I have suggested, one important new source of energy in the future will be the energy we get from conservation and greater efficiency. This is especially true for electricity. In the years to come, electricity will become an increasingly important form of energy in Ontario.

Traditionally, Ontario Hydro has focused on building new capacity into our electricity system to meet the needs of a growing society. In an important break with the past, our government has decided we should look to energy conservation and efficiency before considering large new supply options.

One of the first actions after the swearing in of the new government in June 1985 was the Legislature's establishment of the select committee on energy. We were committed to a thorough examination of the need for the Darlington nuclear generating station. The committee reported to the House last July and recommended completing Darlington. The government accepted that recommendation as the only responsible course of action available under the circumstances.

16:00

In the light of the serious nuclear accident in the Soviet Union, the committee also recommended an independent review of nuclear safety in Ontario. The government accepted that recommendation as well. I expect to announce the exact makeup of the review in the very near future.

As you know, two previous reviews in Ontario concluded that Ontario Hydro's nuclear generating stations were acceptably safe. However, in the light of the Chernobyl incident, I believe we owe it to ourselves to see whether we can make our generating stations even safer.

When I announced the government's decision to complete Darlington, I told the House that the government is in general agreement with the thrust of the select committee's recommendations. In particular, the committee stressed the need to look at a wide range of alternatives to meet electricity demand, including conservation. The government does not want to be faced with another Darlington-type decision.

Since 1982, Ontario's electricity demand has grown by five per cent per year, on average. That is rapid growth. However, our economy has been growing even faster, averaging about six per cent per year over the same period. Between now and the year 2000, the Ministry of Energy projects electricity demand will grow by just over two per cent per year. Based on this growth rate, we could be looking at a shortfall of electricity of some 2,200 megawatts by the turn of the century.

The government is committed to meeting this shortfall by a wide variety of supply and demand measures. I have told my staff to look into all the other options, including electricity conservation and load management.

The government has given clear direction to Ontario Hydro on these issues. In my ministry's conservation paper, we stated that Hydro should look to conservation and load management before large new supply options to meet Ontario's future energy needs. I believe this type of decisive leadership in the energy area is an appropriate role for government and that it has been absent too long.

There will be further government policy direction to Hydro soon on many of the issues I have been discussing. I anticipate the select committee's recommendations will play a key role in these decisions.

Right now, my ministry is undertaking major studies of the alternatives to large new generating stations. The areas being studied include hydraulic development, strategic conservation of electricity, cogeneration, electricity exports, electricity purchases from outside Ontario and advanced technology for clean coal combustion.

As you know, Ontario Hydro is moving towards the final stages of its demand-supply options study. I will be providing clear policy direction to Hydro on supply and demand alternatives and what the priorities should be. The government feels it is very important that Ontario Hydro be pointed in the right direction.

In this regard, I would like to point out the tremendous progress we have made in promoting the development of small power production in Ontario. We think private development of small power sites in Ontario will play an increasingly important role in our energy future.

Overall, the total amount of power that can be produced through cogeneration, small and medium hydro sites and energy from waste may not be all that large. However, small power sites can be tremendously effective at the local level and their net contribution to our energy needs can make a difference.

Small producers can often refurbish or develop sites more economically than a large public utility. In some areas, particularly in the north, small power stations can have a major impact on local businesses and people. Small power production takes advantage of potential that we might otherwise never realize. As I have been saying, utilizing our potential is what Ontario's energy future is all about.

Last March, I requested Ontario Hydro to review its buy-back policies and particularly the rate it pays for electricity purchased from small, independent producers. Earlier this week, Hydro announced higher buy-back rates that will encourage more small, private sector power

development in Ontario. The small stations affected by the new rates are not owned or operated by Ontario Hydro but are connected to the electricity grid. They include small hydro stations, industrial cogeneration and energy from wood waste or municipal solid waste. Hydro's new policies will fit in nicely with some of the initiatives the government has introduced to promote small power production.

Earlier this week, I announced that the Ministry of Natural Resources would release up to five crown-held small hydro sites for competition by private developers. As well, the ministry has recently published an up-to-date inventory of hydraulic sites in Ontario, streamlined its approval process for small hydro sites and implemented a holiday on crown royalties on proposed new sites for up to 10 years. In addition, the Ministry of Energy offers the small hydro encouragement program and the northern Ontario wood energy program. Both are designed to help small power producers develop new sites to cash in on some of the potential I mentioned earlier.

In the energy technology research and development area, the search for energy alternatives extends beyond electricity. Ontario's energy needs are changing, as are those of the rest of the world. We must change with the times to keep up with them.

In November 1985, I announced an important new energy technology research and development program called EnerSearch. This program is designed to help Ontario industry do research, development and demonstrations of energy-related technologies that have promise in Ontario. To date, the ministry has agreed to fund 16 projects and has committed close to \$2 million. The total value of the research being undertaken, however, is more than three times that, almost \$6.5 million.

In other research and development initiatives, my ministry is supporting work on the use of electrical plasma in the metallurgical industries. If the research is successful, Ontario's ferrous and nonferrous metals and mining industries should become more competitive. As well, the ministry is continuing to support research into the conversion of wood waste to ethanol or other chemicals. These initiatives are helping to build a more efficient Ontario, a province positioned to enter the 21st century.

Alternative transportation fuels are another important part of the ministry's research and development work. In August, the ministry helped to sponsor an alternative fuels conference

at Expo 86 in Vancouver and I had an opportunity to attend. Tomorrow's transportation fuels will be quite different from those we use today. Exploring alternatives to the traditional transportation fuels will make Ontario more efficient and technologically advanced and will also reduce our reliance on less secure energy supplies.

Earlier this year, I was in Oakville to kick off a research project we are working on with the Ford Motor Co. of Canada and Shell Canada. The project involves a new breed of vehicle, a car that can run on ethanol, gasoline or a combination of both. In another joint project, this one with the Ontario Research Foundation and diesel engine manufacturers, the ministry is assisting the development of a new large engine that will one day replace the diesels that dominate the road today.

The ministry's work in alternative transportation fuels technology has had some tremendous successes in the past. For example, in 1980, there were virtually no propane-powered vehicles on the road in Ontario; today there are at least 60,000.

Now the ministry is working to develop the potential of natural gas as a transportation fuel. My ministry has recently begun projects that involve the use of natural gas in large engines, especially in locomotives and ferry boats. Plans call for these projects to be demonstrated in Sudbury, Timmins and on the Pelee Island ferry.

We have also helped to develop a propane-fuelled transport truck which is now in regular commercial service. We have assisted the development of experimental transit buses that run on propane and on natural gas. Together with the Ministry of Transportation and Communications, we are road testing a British-built electric van that travels back and forth between Queen's Park and Downsview every day.

As well, we are assisting research into a new battery technology that will overcome the limited range and other problems associated with electric vehicles. We have many promising projects on the go and we are making considerable progress towards the government's commitment to a healthy energy future in Ontario. Despite our many achievements, we intend to do more, and in something less than 42 years.

16:10

The other major issue I want to comment on in my opening statement is Ontario's role in the deregulation of Canadian natural gas markets. As you will see, my ministry has been very active in identifying Ontario's needs and concerns and protecting its interests as a consuming province

during the moves towards a deregulated natural gas market.

I regret the manner in which some of the recent national energy policy issues, such as the signing of the western accord in April 1985 and the agreement in October 1985 on natural gas markets and prices, were settled. In both cases, the federal government and the governments of the energy producing provinces entered into major energy agreements and showed great resistance to Ontario's urging that consumers be included at the table. However, in recent months we are seeing an improved spirit of consultation and co-operation on the national energy scene.

Part of the credit for that new spirit has to go to my counterparts, but I like to think some of the credit belongs to me. Last March, I visited Calgary and had the opportunity to meet with a broad spectrum of people involved in the western energy scene. That trip gave me a much better understanding of the interests of the producers and the Alberta government, and I think it gave them a better idea of where we in Ontario are coming from. Last summer, I again went to Alberta, this time to a meeting of the Council of Provincial Energy Ministers. Again, the most significant aspect of the trip was better understanding all the way round.

Of course, I would not want to suggest that the national energy scene is at all like Camelot. There are many issues that need to be resolved and many concerns about the future. However, over the past few months we have done a really outstanding job of making our voice heard on the national scene as the representative of eastern Canadian energy consumers. Our role in the deregulation of the natural gas market is a very good example. With an annual natural gas bill of more than \$3 billion, Ontario has a significant interest in deregulation.

In Ontario, we moved quickly to put the necessary regulatory arrangements in place for direct gas purchases and competitive marketing programs. Soon after the agreement, several large Ontario customers began receiving substantially cheaper natural gas. I am following this issue closely to see to what extent the deregulated environment will benefit small consumers, people such as you and I. We have been consistently arguing that the benefits of deregulation must be passed right on through the system to all consumers, large and small.

Last month, I reported to the Legislature on the progress made to date in deregulating natural gas prices. At that time, I expressed my concern about the apparent further weakening of the

measures to protect domestic natural gas consumers. The protection of natural gas consumers in Ontario is a very high priority for both myself and the government. Ontario will be participating very actively in the upcoming hearings to reconsider export surplus tests.

I have a related concern in this issue that has to do with natural gas export pricing. I firmly believe natural gas must not be exported at a price lower than that on this side of the border. Indeed, the federal government has made a commitment to enforce this principle.

However, the federal government recently changed the export price test and replaced it with a system that will monitor export prices after the fact. I do not support that change and you can be certain Ontario will be watching very closely the export pricing situation on natural gas.

Back in the early part of the year when oil prices fell by more than 50 per cent, I was concerned that the pump prices for gasoline were not falling as quickly as they should have been. At the time, it seemed that these sticky prices might have something to do with the increasing concentration of the petroleum industry in Canada, both upstream, at the producing end of the business, and downstream, where the products are refined and marketed.

Although most gasoline prices have now dropped as much as that of crude oil, concentration in the industry remains a concern. However, as consumers, we have to balance our short-term interests with those of the longer term. There is no doubt that a certain amount of stability in the oil patch is in Ontario's long-term interest.

When I was in Calgary, I saw at first hand some of the effects of low oil prices. The severity of those effects is even greater today. I told people in the western industry something they knew already, that Ontario generally favours low energy prices, but I think I also told them something new. If prices fall too low, consumers will lose out. When prices fall too low to cover the costs of finding new supplies, exploration and development slow to a crawl and can stop completely. If the industry stops looking for the future supplies we will need, our energy security could be put at risk. The message I took out west was one they liked. The government of Ontario supports a strong western oil and gas industry. It is in our long-term interest to do so.

Energy in northern Ontario is of prime interest to us, and I would like to say a few words about energy issues relating to northern Ontario. During the past year, the Ministry of Energy devoted increasing attention to the north. This is

a government-wide priority and represents the government's decision to address northern Ontario's unique problems and legitimate concerns. Some of those have to do with energy.

At my direction, the Ministry of Energy completed and released a study on the differences in retail gasoline prices in northern and in southern Ontario. The study, which was conducted from July to November 1985, revealed some interesting things about the gasoline market in Ontario. The average price differential between north and south was 4.2 cents per litre. The study concluded that three major factors cause differences in gasoline prices: transportation costs, retailing costs and market conditions.

Transportation and retail costs are higher in smaller, more remote markets. These costs are pretty well fixed and have to be spread over smaller volumes. The size and density of the southern markets make them generally more competitive. As well, customers have more choice, since there are more retailers selling a greater number of products.

With the help of the Ministry of Northern Development and Mines, the government held a series of public meetings on this issue in June and July. We received a wide variety of suggestions from northern residents on what actions should be taken, but no obvious solution emerged.

Just to give you an idea of the complexities, I can tell you that some strange things happen during gasoline price wars. During these wars, prices in Thunder Bay or Sault Ste. Marie have occasionally been lower than prices in St. Catharines or Sarnia, where the product is refined. I expect this issue will come to cabinet in the new year.

Another ministry study looked at the impacts of energy prices on northern industry. For many of those industries, such as pulp and paper, mining, smelting and refining and iron and steel, electricity costs represent a major portion of total costs. These industries will also require high levels of capital investment during the next few years.

As you know, Hydro-Québec has recently introduced attractive new rates for its industrial customers as well as grants to major power consumers. I believe electricity rates in Ontario have to keep pace with the competition. As a result, my ministry is encouraging Ontario Hydro to look at flexible rate options to enhance the competitiveness of northern industries.

16:20

Ontario Hydro is looking for opportunities to diversify electricity generation in the north

through industrial cogeneration projects, small hydro sites and the other alternatives I mentioned earlier. This government recognizes the importance of energy in northern Ontario. Many of our programs have components specifically geared to serve the needs of our northern residents.

I know some members are impatient with the progress being made on northern energy issues. I share that impatience and assure you it remains a high priority for both myself and the government. To be fair, we have made substantial progress in the north. For example, our energy education program is designed to teach students about the importance of energy in their everyday lives.

During the past three years, our energy conservation play, *The Conserving Kingdom*, has been performed at schools across the province, mainly in the south. This coming year, the French-language version of the play will be touring northern Ontario. We have also produced filmed versions of the play in both languages, which will be made available to schools throughout Ontario.

As well, the annual conference of the Energy Educators of Ontario, a nonprofit association sponsored by the ministry, will be held this year in Sudbury at the Sheraton-Caswell Inn. More than 250 delegates will attend from Ontario, other provinces and the United States. Special energy education arrangements are being made at Sudbury's Science North to complement the conference.

My ministry's HeatSave North clinics offer free, customized energy-saving advice to home owners across northern Ontario. By the end of March 1986, the program had served a total of 15 northern communities, and 7,500 local home owners had attended. During this fiscal year, we will be holding additional clinics in Red Lake, Ear Falls, Madsen, Golden, Hearst, Bruce Mines, Thessalon, Iron Bridge, Blind River and Elliot Lake.

The ministry's municipal oil conversion and energy conservation program assists municipal governments throughout the province to save money by reducing their energy bills. The program provides grants for off-oil conversions and for retrofitting existing buildings to make them more efficient. So far, more than \$700,000 has been provided to northern municipalities on projects worth a total of \$1.5 million. We have also revised the program to make it much more accessible to smaller centres across the province.

I would also like to point out that several recent ministry projects have focused on developing the

potential of alternative energy sources in northern Ontario. At Big Trout Lake, my ministry has assisted in the installation of Canada's largest photovoltaic system. This joint project involves Ontario Hydro, the Ministry of Energy, the federal Department of Energy, Mines and Resources and the Canadian Electrical Association.

At Science North in Sudbury, we have also funded displays of several renewable energy systems, including solar hot water, solar electric and wind-powered electric displays which are fully operational. A number of solar hot water demonstrations are in place at a number of provincial parks across the province, including Quetico near Atikokan, Greenwater in the Cochrane district and Halfway Lake in the district of Sudbury.

We have also been involved in testing a new 12-kilowatt diesel generating system at Bell Canada's telephone relay station at Elboga, north of Sudbury. The system's batteries could save as much as 70 per cent of the diesel fuel that would otherwise be used.

These projects are real, innovative and imaginative. I think they are as exciting as a Friday night dance in Niagara Falls, which I have not attended for many years.

We are trying to reach out to the north in a way that has never been done before. Our small hydro encouragement program, for example, also has a northern component. Some of the recent activities include 32 prefeasibility studies for remote and grid-connected sites. As well, eight other sites were assessed under the northern reconnaissance project. This same program also assisted three small hydro installations in the north, including Rufus Lake Rainbow Lodge, Mahzenazing Lodge and the Boulevard Lake project near Thunder Bay. By way of a concrete return, these projects will contribute 500 kilowatts of power to Ontario's electricity grid and provide electricity for two remote lodges and a cottage community.

Last July, I announced a northern Ontario wood energy program. The ministry has allocated \$6 million over three years for capital support to promote converting wood residue to energy. The funds for this program will be administered by the Northern Ontario Development Corp.

In October, we held a wood energy workshop in Timmins, and 120 people attended. I understand that one person who attended the workshop, who had no prior experience in wood energy, has created a company to set up a plant. The company has already signed a contract to use 128,000 tons of wood residue per year.

In Chapleau, we have assisted a \$14-million wood-fired plant that produces seven megawatts of power. This plant started up in October and is now running at full power.

Mr. Chairman: Where is that?

Hon. Mr. Kerrio: It is in Chapleau. Three companies provide the wood there.

Mr. Chairman: I wanted to get Chapleau on the record twice.

Hon. Mr. Kerrio: We have not totally opened it yet. You will be invited.

The EnerSearch program recently approved a new project in northern Ontario. Pacques Lavalin Inc. has received a grant of \$125,000 to help demonstrate its new internal circulation anaerobic digester, a system that treats waste water in pulp and paper plants. Their pilot plant is now installed at the MacMillan Bloedel plant in Sturgeon Falls. If successful, the technology could be used by most northern pulp and paper companies. The technology reduces environmental pollution and also produces methane, which can be used to provide heat and electrical energy.

EnerSearch has also funded the first phase of a research and development project being undertaken by Canadian Solifuels Inc. The next phase of the project will be to test the biomass cogeneration system, probably at a major paper mill in northern Ontario.

The ministry is also working with Inco Metal Co. on a new refining process using electrical plasma. If successful, this technology would allow the company to make cost-effective improvements in its refineries. If the process is adopted by other companies, it could improve the overall efficiency and competitiveness of Ontario's ferrous and nonferrous metals industries.

These initiatives reflect the government's sincere commitment to the people of northern Ontario. They are helping to build a more efficient industrial base in the north, a base that will position our northern communities to enter the 21st century with confidence.

On other energy issues, I would like to talk about some other important issues during the year.

I would like to report that the public hearing on the southwestern Ontario transmission system expansion has been completed. The joint board will release its report early next year.

A public hearing was also held into expanding the eastern Ontario transmission system. The joint board reached its decision in November 1985. The decision was appealed and later confirmed by cabinet. I know some local

residents are concerned about the outcome of the process and have asked that the matter be reconsidered. One thing is quite clear. The hearings process does not always ensure that the final decision is acceptable to those who may be affected most by the proposal.

However, the government believes the existing public hearings process is the fairest way to evaluate the different routes. All the interested parties have a chance to express their concerns and make their case to an independent joint board, which must ultimately reach a decision.

Another issue over the past year has been the winding down of the Ontario Energy Corp. In June, a new board of directors was appointed, a board composed of public servants. Its mandate is to wind down the corporation's activities, as well as those of its subsidiaries, and to dispose of the assets when it is prudent to do so.

In conclusion—believe it or not, I have not covered all the issues—I welcome comments, because I think many of them will come forward from this forum. As usual, ministry staff will be available to answer some of the technical questions you may have. I will also be asking them to answer all the difficult questions. I will field the easy ones myself.

16:30

Mr. Chairman: Thank you. I gather the television set is not for this moment.

Hon. Mr. Kerrio: I am not sure.

Mr. Taylor: I appreciated very much that overview. There was certainly nothing much new. It was quite general, as expected. What I will be pursuing is the function of your ministry. As I see it, it is really not an operating ministry; it is more a secretariat type of ministry. I notice the various undertakings in conjunction with other agencies or corporations, Ontario Hydro and so on.

I would be interested in knowing the number of employees you have now, a breakdown of the number of professional employees and their average salaries. At one time, your ministry boasted of having the highest-paid help in the civil service in terms of its numbers. That was probably because it had a lot of very technical, skilled expertise, people with more degrees than a thermometer. I will be looking forward to that and asking you whether you play an active role within the ministry.

I am not sure where your office is. You have the portfolio of Minister of Natural Resources, which covers the old Ministry of Lands and Forests, which you were no doubt familiar with in the days of your youth when you romped

through the silvan setting of beautiful Ontario. Natural Resources also includes the old Ministry of Mines and Northern Affairs, which northerners at one time felt proud to see. They at least had a voice with which they could speak and discuss their problems and potential conflicts with other aspects of the now-combined ministry. Mining operations and your concerns as Minister of Natural Resources do not always coincide.

At the federal level, we now have the Ministry of Energy, Mines and Resources. I am not sure how you occupy the two chairs as Minister of Natural Resources and Minister of Energy. I would be interested in knowing the time you spend in each of those offices, whether you do in fact spend time in each and whether you have given consideration to the amalgamation of the Ministry of Energy and the Ministry of Natural Resources. Those are some matters that strike me.

You have talked about conservation and energy efficiency, especially in the electrical area; yet I have noticed a dramatic increase, to five per cent, in the utilization of electrical energy on an annual basis over the past few years. Your projection is now two per cent per year. Even that is an increase from a lower projected rate of increase, which probably stimulated the overly optimistic forecasting, which stimulated overcapacity in the generating stations of Ontario Hydro.

You spoke of your second major issue as being policy direction to Ontario Hydro, but I did not hear very much in your statement about what that policy direction is. I am interested in knowing whether you meet with the chairman of Ontario Hydro on a regular basis; whether that is a formalized meeting if there is such a meeting and whether you have an agenda of items to discuss.

I would like to know the degree of involvement you have in the policy-making of Ontario Hydro. I would like to know whether you have any plans to lasso that large corporation. You stated that the corporation would be more firmly governed and directed, presumably by your ministry and the cabinet of your government. It has been akin to a glacier proceeding at its own pace but in a definite direction, unaltered, no matter how much you happen to run around on that glacier in an effort to make a noise and try to change its direction.

I would like to know whether you have considered a management audit by an outside source of the operation from top to bottom of Ontario Hydro's projects. You may not be

familiar with that type of audit, but there is precedent and legislation in the way of precedent for such an audit in certain states of the United States. I would be interested in knowing your plans.

I would be interested in knowing Ontario Hydro's plans for the handling of its nuclear waste. As far as I know, spent fuel has been stored onsite for many years in those large swimming pools. I would like to know what meetings—

Mr. Charlton: Actually hot baths.

Mr. Taylor: Yes. It is a government-sponsored hot tub, if you want to get into it. However, it poses a potential danger in terms of the breakdown of the casings and you could get into a problem that probably is not novel; some years ago in Britain, for instance, there was such a problem, which I will not get into.

What concerns me is that Ontario Hydro is responsible for most of the nuclear waste. I want to know whether you have adequately defined the respective roles and responsibilities—that is, the role and responsibility of this government and the role and the responsibility of the federal government or other agencies—in regard to the transportation, storage and disposal of nuclear waste. If you have, I would like to know the terms of that accord or understanding. I would like to know whether it is in writing and, if there is one, when it was first entered into, the degree of upgrading, the current status of such an agreement, the projections in terms of timing for a suitable disposal site and the method arrived at in terms of dealing with that problem. In that regard, I speak of the technical solution.

16:40

You mentioned, as your third major issue, the protection of the interests of small consumers. Again, I would like to know in what way, apart from an educational way, your ministry is directly involved in actual programs or funding that does that. You talked of the federal EnerGuide program. Apparently you plan to change that and go in another direction. I am interested in what you see as the problems with those standards and that system and how you propose to play a role in revising the program.

You mentioned conservation. It is nothing new. It did not take 42 years to appreciate conservation. To a great extent, a person's inclination to conserve has been a matter of the extent of the hurt to his pocketbook. I would like to know whether you have any new and innovative programs in that area. What I have heard so far is not new, except for Dudley the

Dragon, but I notice it was mentioned that he has been playing on stage for the past three years, which predates your government, so you cannot even claim Dudley as an innovation of the Liberal government or a manifestation of its policy.

Mr. Knight: We just claim the success for it, not the creation.

Mr. Taylor: Oh, of course.

Mr. Dean: You have to admit he dragged in a lot of points.

Mr. Taylor: Running through your statement, I notice you mentioned energy-efficient home design. It is nothing new. In my personal experience, I recall that being tackled a decade ago. In terms of consumerism and insulation, you mentioned the need of it and the R-2000 or something or other. In any event, I put to you that the insulation program was initiated by the federal Liberal government about 10 years ago. I am making sure I give the Liberal government credit for that program. It was funded by the federal people. I am interested to know how you plan to improve that. At that time, one of the conditions of Ontario's entry into the plan was the elimination of the sales tax on the materials. You might comment on the current status of that as well.

With regard to free energy use analyses for all Ontario manufacturers, as your predecessor almost a decade ago I recall having my photograph in a mobile unit that would visit around the province making these energy use analyses. Perhaps you have something bigger and better to brag about now, but it seems to me you are regurgitating old policies and programs. I was expecting something bold, new and inventive, something that would capture the imagination of the people of Ontario and truly do something constructive and positive.

You talked about wood products, using wood, waste and that type of thing. I was heartened to hear Chappleau has a plant that utilizes wood waste. Is it actually fired up and producing something real? I surmise it is, because when I was first elected in 1971, we heard of a watts from waste program in Metropolitan Toronto. Year after year, I read the news releases coming out on this wonderful energy conservation program that was going to utilize waste and turn it into something useful and probably inexpensive.

Talk about smoke and mirrors, shovelling fog and fighting cobwebs: it was several years before I cottoned on to the fact that this was just paper. It was all news releases and media hype and

nothing was there. I discovered one Tony O'Donohue was retained to look into this further, to pursue it and determine its viability, in an economic sense, I suppose. We had more feasibility studies. At the end of my tenure as a member of the assembly, I am interested to learn whether, after 15 years, something came of that impulse of imagination that was going to provide this extra energy for the people of Toronto.

Mr. Dean: Has it turned into waste from watts?

Mr. Taylor: I am sorry, I did not catch that.

Mr. Dean: You did not miss much.

Mr. Chairman: Ignore the heckling from your colleague.

Mr. Taylor: There were other programs in the Hearst area. Perhaps you could tell me whether that wood-burning episode in the Hearst area ever turned into something you could see, feel and experience. I would be interested to know whether something such as that ever happened.

You get a lot of mileage from recycling old information and regurgitating it in garbled form. It is amazing how people can be bamboozled because they do not know.

Hon. Mr. Kerrio: Is that right?

Mr. Taylor: They really do not know. You are learning that very quickly, I sense.

Hon. Mr. Kerrio: I had good teachers.

Mr. Taylor: You are going to help farmers adopt energy-efficient technologies and practices.

Mr. Charlton: The chairman will note that "bamboozle" is an acceptable word for "mislead."

Mr. Taylor: It translates easily in all languages too; it is like Exxon.

I was interested in seeing there is a program on utilization by certain forward-looking farmers in regard to adapting microprocessors and the latest computerized equipment. I am interested to know the role your ministry is playing in that.

You mentioned installing microprocessor controls in livestock buildings. I was not aware your ministry was venturing into the barn, but I would be interested to know what you discovered and what you contributed. I can imagine, but I will not say it because I am on the record.

16:50

Hon. Mr. Kerrio: I thought my deputy explained our involvement in the barn last year. You people never bite.

Mr. Taylor: You mentioned that you have promoted energy management in large commer-

cial buildings in Toronto and Ottawa for nine years. I see almost a reversal of the process. At one time, when the oil crisis was first felt, there was some impulse to turn off the lights, and you will recall there was a little pressure being put on to dim the lights of the large buildings of Toronto, reminiscent of those dreary war days in other parts of the world when the bombers were going over. As I fly over Toronto today, I notice an enlargement of the lighted city, not a diminution of the nocturnal electrification of Toronto.

Hon. Mr. Kerrio: That was before the talking furnace; that was the arf-arf dog, was it not?

Mr. Taylor: I do not know about that, but it would be interesting to know what the nature of this promotion is. If you are promoting energy conservation in lighting, for example, you have failed sadly.

I have mentioned EnerGuide, on which you touched on page 10 of your presentation. I will be looking forward in a serious vein to determining what the shortcomings of that system or standard are and what you plan to replace it with, in conjunction with the federal government.

When you state, "The government is showing new leadership in energy conservation and efficiency in its own operations," again I am interested in knowing what they are.

You go on to say, "We plan to achieve a 10 per cent reduction of energy use by 1992." That sounds familiar. I would like an explanation. Many years ago, I gather the Ministry of Energy spearheaded a move to put little gadgets on all the radiators in the buildings, which were somehow going to control the temperatures of the radiators that radiated excessive heat continually and prompted the opening of windows.

Hon. Mr. Kerrio: They were thermostatically controlled.

Mr. Taylor: I notice that today we have the gadgets, and I have experienced the malfunction of them, the windows that do not close, the rooms that are too hot and the windows that are open anyway. I wonder how successful that program is, initiated by another government I must confess, which is currently an agreement embraced by you, and you are even going to further the achievements of that program. I would like to know what new technology you are going to put into practice or what new efforts you are going to make to accomplish that further reduction.

I am sure you have up your sleeve some strange alchemy that will accomplish all this, but you may be moved from your ministry before

you have to answer to that. The burden of your office must be very great indeed.

Hon. Mr. Kerrio: Remember where I came from. The work does not bother me.

Mr. Taylor: You say the true test is when you come to program delivery. That is what I am interested in, the tires there to kick, something I can see, not the recycling of old releases.

You mentioned signing last September a memorandum of understanding with the federal government on energy conservation and efficiency. I would like a further explanation of the points you note are emphasized, that is, eliminating programs that duplicate one other. I would like to know what they are, what these new areas of co-operation are. I want to know about the simplifying of intergovernmental projects approvals, the sharing and improving of technical information between your staff and other staffs and the focusing on provincial priorities. They are enunciated on page 12.

I would appreciate it if, perhaps when you respond, you could give a little further information on those. You mentioned six projects with a total price tag of \$1.6 million that you have approved since last September. Again, there may be some reference made to some of that, but there may be other details.

When you speak of Ontario's future energy needs and the power, you say you are finding new ways to meet our energy needs, new sources of energy. I have not heard of any new sources in the sense of something novel and unique. You mentioned some photoelectric cells; that is nothing new. Do you still have some windmills around? I guess you have some windmills and some little solar energy demonstration projects. You mentioned solar hot water, propane and natural gas. If I am not mistaken, it was in 1981, when the provincial election broke, that we had the big announcement on propane. Some of your staff people will remember that. There was the bonus thing for people who would put propane tanks in their cars or trucks. The big announcement and program were then.

I am not sure what new source of energy you are contemplating, unless it is a deal with Hydro-Québec. I would like to know what your negotiations have been with Hydro-Québec in regard to the purchase of electricity. I would like to know why you have a plant shutdown at Lennox in my riding. It never operated beyond 20 per cent or 25 per cent capacity before it was mothballed. I would like to know why the carbon copy of that plant at Wesleyville was never opened at all and why they are sitting there,

notwithstanding, as you already mentioned, the halving of the price of oil. They use residual oil.

I would be interested in that and in the million barrels of oil it had in storage there, its disposition, the disposition of any lawsuit and the costs to Ontario Hydro of the mothballing of the Lennox generating station.

17:00

Hon. Mr. Kerrio: The former opposition asked this question.

Mr. Taylor: Did you ask that question at one time?

Hon. Mr. Kerrio: Yes.

Mr. Taylor: Then you should have the answer. You are now in the seat of power.

Hon. Mr. Kerrio: I did not get an answer.

Mr. Taylor: You are walking the corridors of power now; you had better watch you do not get mugged.

I put it to you, sir, to get an answer to that now and to speculate on the future use of those plants prior to your planning another nuclear plant, which is a distinct possibility. If I read some of the news reports correctly, the Premier (Mr. Peterson) seems to be ambiguous on the subject but certainly does not write it off, nor do you, I suppose.

Ontario is negotiating and actually buying electrical power from Quebec. I want to know the extent, the commitment and the financing of that power. I am talking not only about the ongoing purchase but also the upfront money during the development of further hydroelectric power from Quebec.

I do not quarrel with your Darlington decision, although it is a reversal of Liberal campaign policy. I certainly disagree with my New Democratic friends. I do not criticize you for that decision, although some people would and do, because it is a reversal of policy.

I see it leading into other areas where you talk about diversification of the system and utilization of other sources of energy. You talk about warts from waste and that type of thing, propane, natural gas and so on, but the policy of Ontario Hydro is to build bigger and bigger generators, not smaller ones. There has been a concentration in a few locations. There was certainly a discouragement of small plants or utilization of small water sources. They would not look at anything that did not have a drop of at least 20 feet.

In another capacity, I am sure you criticized Ontario Hydro for not pursuing these smaller hydro sites in conjunction with the advance in

technology of turbines that would generate power. I would be interested to know the system, the procedure, of getting Ontario Hydro to enter into a contract to purchase power. It is all very well to make an announcement, as was done yesterday, and talk about dropping the rate a fraction of a cent for a kilowatt-hour of electricity, but you can make the system so difficult no one can get through it. It becomes an exercise in optics.

Whether you achieve the goals of your pronouncement depends on the sincerity of the parties. I am interested in the process that is going to encourage in a very real sense the utilization of the small hydro sites around Ontario and the incorporation of that power into our system. I am interested that we not just send out news releases and smother people in the process, but that we make the process simple enough that something happens.

You mentioned the review of nuclear safety that was in the subcommittee's report. You are going to announce that in the very near future. That is a generic term around this place that follows Les Frost's expression "in the fullness of time." I put to you very simply the question of when you propose to announce the committee and its exact makeup. I would appreciate a time frame for that. Presumably, your desire to make generating stations even safer is wrapped in the function of that committee. I am assuming that. You might want to comment on that. Also, in speaking of the select committee's work, you say the government is in general agreement with the thrust. I would appreciate some detail of where the government differs.

You mentioned the increase in power consumption since 1982 of five per cent per year on average. Then you state the economy has been growing even faster, averaging about six per cent. Are you speaking in real terms? I suspect you may not be; that was the growth of the economy and not the growth of the utilization of hydro. As I already mentioned, you have projected two per cent growth between now and the year 2000.

At the top of page 17 of your presentation, you state, "There will be further government policy direction to Hydro soon on many of the issues I have been discussing." I would like to know the form and whether you have plans to change the corporate structure of Ontario Hydro. Are you going to make it more accountable to the sensitivities of political direction, or are you going to have political representation on the board in one capacity or another? That might be a

reversion to older days when we had the commission.

I am interested in knowing how you are going to accomplish that. It is all right to make the statement, but it is a different thing to have it carried out. It is another thing to know what is going on and to ensure it is being carried out. Your observations in that regard would be most welcome.

You mention the government feels it is very important that Ontario Hydro be pointed in the right direction. That is at the bottom of page 17. I have already mentioned your statement at the top of page 17. I would like to know what the direction is and whether the pointer is going to have any power.

17:10

Mr. G. I. Miller: Is he to be part of the pointer in power?

Mr. Taylor: I touched on that before you came in.

Mr. G. I. Miller: Did you? Doggone, I missed it.

Mr. Taylor: It is too bad you were not here earlier.

I suggest that if you are going to have the responsibility for Ontario Hydro, you had better have some authority.

You mentioned the program to encourage small power producers, which I have been talking about, but then on page 20 you went on in regard to the northern Ontario wood energy program designed to help small power producers. We have already commented on that, but I would appreciate some facts and figures, some specifics in regard to that program.

You mention EnerSearch on the bottom of page 20, which indicates to me a new name but not too much difference in the projects. It strikes me that what you are doing is supporting, in some sense, not creating, carrying out or developing—"comforting" might be an even better word—but you are somewhat supporting in a financial sense some of these projects. You may have more detail in regard to that work, such as the use of electrical plasma in the metallurgical industry. I have already commented on your support of research into the conversion of wood waste to ethanol or other chemicals.

In your capacity as the Minister of Natural Resources, I once pursued the utilization of wood waste from dead and dying trees or trees dead through fire and pestilence in the province's immense forests. The response from your staff at that time was negative. It was not something that

could be pursued. The object of the Ministry of Natural Resources was to eliminate forest fires, not to make use of their results in terms of dead timber. If you have a difference of thinking within that ministry at this point, I ask you to bring that forward in conjunction with your response on the utilization of waste wood.

I would be interested in seeing your new breed of car. A decade ago, at the Volkswagen plant in Wolfsburg, West Germany, I saw a complete selection of cars utilizing a variety of fuels, including combinations and battery-powered vehicles. I would be interested in the latest breakthrough in regard to Ford and Shell of Canada.

I would also be interested in learning from you the role you perceive the consuming province has in federal-provincial relations. The scene has changed very rapidly. When we as a nation were denouncing the punitive pricing of the Arab community—some even referred to the Albertans as blue-eyed sheikhs—we were distraught at the ever-escalating price of oil, which was causing mass unemployment in Ontario. We had figures for the number of people who would be unemployed for every dollar increase in the price of a barrel of oil. The banks were upset because of the increased cost of production, the instability of the increases and the effect of inflation.

We had the oil companies saying they did better in a financial sense when the price of oil was low, and now we have a complete reversal of that picture. People are clamouring that the price of oil is too low, that it should be higher and that the drop in oil prices has made countries unstable. The banks are crying because it has jeopardized the repayment of loans and we are saying unemployment could be impacted upon in a very positive way; that is, increasing the price of oil would generate more employment. We have a reversal of the scenario we had when the oil pricing surge started.

Mr. McGuigan: The trouble is they generally believe themselves.

Mr. Taylor: Perhaps thinking makes it so, but the changes are very interesting.

I am now coming to my point about Ontario's role as a consuming province. At that time, Ontario was told it did not have any oil, gas or coal to speak of. It was asked: "What role do you have in oil pricing? What are you doing at the table?" I notice now the Premier of Saskatchewan comes to the Premier of Ontario as a consuming province in regard to the pricing of oil. I surmise another western Premier or two have made courtesy calls that may have touched

on this subject as well. It seems a consuming province does have some say.

What do you perceive is Ontario's role in influencing pricing? How do you think that pricing should be influenced and in what way? Are you talking about floors or ceilings, the market system, deregulation and the rest of it? You say at the bottom of page 25, "...over the past few months, I think we have done a really outstanding job of making our voice heard on the national scene as the representative of eastern Canadian energy consumers." My preamble leads up to your conclusions, and I look forward to your response.

17:20

Gasoline pricing is the next matter I would like you to deal with, because it seems a very unstable commodity in terms of pricing. When the price of oil was escalating so rapidly, the rationalization for the rapid increase at the pump was the ever-increasing price the Arab world put on oil. We saw a direct relationship. That was the public perception: a direct relationship between the price of a barrel of oil and the price of a gallon of gasoline, now a litre of gasoline.

Yet when we saw the price of oil decline dramatically to half the stabilized price of about US\$30 a barrel, we did not see a corresponding decrease in the price at the pump. The reason for that is that now the price of a barrel of oil is not of that much significance in what a gallon of gasoline is going to cost. When you factor in the crude oil, it is only a fraction of the cost of the commodity when it is ready for consumer consumption.

Mr. G. I. Miller: The rest must be taxed. It was down a little bit, but the rest of it must be taxed. There is tax added.

Mr. Taylor: We appreciate the fill-the-bucket routine of governments at all levels.

Incidentally, the minister's response on what prompts the price mentioned tank truck price, transportation and market conditions: that stuff does not change; that is the stock answer, we have all been fed that. I want to know the direction the big oil companies give to the operators to fix prices at the pump, mandating the small operators to change the price on their pumps, and the power and authority they have over these little operators who do not have much say in the merchandising of the gasoline. It is one commodity where the price is very unstable. I do not know of another commodity where you get the price fluctuating the way it does in the gasoline industry.

Hon. Mr. Kerrio: If I owned 51 per cent of Suncor, I would show you how to do it.

Mr. Taylor: Suncor is another matter. Have you given that away yet? Have you given Suncor away yet?

Hon. Mr. Kerrio: We are doing our best.

Mr. Taylor: You gave away Minaki and the Urban Transportation Development Corp. I do not know why you do not give away Suncor.

Hon. Mr. Kerrio: It was such a hot deal that we offered it to Leo, but he would not buy it.

Mr. Taylor: I guess not.

Hon. Mr. Kerrio: Why? The offer was there.

Mr. Taylor: You have heard of a white elephant? You give it to an enemy because he cannot afford to feed the darned thing but it is irreligious to kill it.

You say the government of Ontario supports a strong western oil and gas industry. That is platitudinous. I would like to know the initiatives you are taking in terms of that support. You have mentioned the wind-down of the Ontario Energy Corp. and the investment in Suncor, which I hardly saw as stimulating oil production in this country. At one time, Ontario did use funds as seed money to stimulate production in the tar sands. I wonder whether your government has any plans to support the western oil and gas industry in the sense of seed money.

I want to mention again the Ontario Energy Corp., which you dealt with at the end of your presentation. I would like to know what you are going to do with the existing contracts or commitments the corporation may have in regard to outstanding projects, what vehicle will be used to carry on with those commitments so you do not breach your faith; and the timing of the windup taking place. In conjunction with that, I would also like to know the rationale for winding up that corporation. I am not criticizing you for doing it. I think it accomplished one excellent thing, which I will not comment on, but I would like to know your rationale and how you are going to transfer the commitments of that corporation.

You dealt with the matter of hydro lines. Mr. Sterling has some concerns with regard to the transmission system in eastern Ontario. He has asked you questions in the House. As a matter of fact, if I am not mistaken, he was not satisfied with your answer. You further confused the issue in what we colloquially call the late show. We may want to get further information on that.

Hon. Mr. Kerrio: I have been listening to questions but I have to interject here. There was

no confusion. If you take Hansard, what I said was very explicit; it was not confusing at all.

Mr. Taylor: Is that right? Then you can explain further your lack of confusion, if I can put it that way.

Hon. Mr. Kerrio: All right.

Mr. Taylor: That will test your cerebral abilities.

Hon. Mr. Kerrio: If I skate around something, I will be the first to admit it.

Mr. Taylor: You do not have to admit it; we take it as a foregone conclusion.

Hon. Mr. Kerrio: But not at that.

Mr. Taylor: For your weight and height you can sure skate.

Hon. Mr. Kerrio: Only when I have to.

Mr. G. I. Miller: He used to play defence.

Mr. Taylor: Anyway, those are some of the matters that concern me. I will not pursue them any further but I am looking forward to your response.

Hon. Mr. Kerrio: I have made many notes. I certainly appreciate your questions and concerns. Some of the issues will naturally require some research and response next time out. I will deal with those in various ways. In some we need the individuals involved, so you can question them. Specifically, there is the Ontario Energy Corp., where we now have a chairman and a staff person taking care of it during the winding down. It might be appropriate for them to respond directly to some of those questions. In the next session, we will certainly respond, very appropriately and with the people who should, to the questions you have raised.

Mr. Chairman: Mr. Charlton, are you ready to do battle?

Mr. Charlton: Yes. Perhaps I can start my comments by saying that probably the most frequent question asked of me in recent months has been whether Dudley the Dragon is in fact the minister.

Hon. Mr. Kerrio: I will qualify that in the next short while.

Mr. Taylor: He is going to ask his staff.

Hon. Mr. Kerrio: That is very perceptive. That is exactly what I was going to do.

17:30

Mr. Charlton: I start off by congratulating the minister for at least changing the focus of the rhetoric the ministry is putting forward. I will make a few positive comments on the way through my remarks, but I have some serious

problems, not with the expression of the goal but more precisely with some of the specifics.

For example, in the second paragraph on page 2 of your comments, I find a major contradiction. It will take a couple of minutes to explain this, because I think it is extremely important. It follows the first paragraph, which says your government is going to increase the focus in energy conservation and efficiency. The second paragraph says, "...my staff and I have been setting the stage for new policy direction to Ontario Hydro as the utility reviews the best ways to meet Ontario's future electricity needs."

I will comment on this a number of times through the course of my remarks and will try to give you some specific examples of what I am talking about, but let me start out by saying the select committee on energy spent a fair bit of time with Ontario Hydro last fall and again last spring, which culminated in our report of July.

One of the major concerns that members of the select committee from all three parties found—aside from the vague, political discussion that has been going on for a decade about whether Hydro is in or out of control, running the government or being run by the government and all the rest of that rhetoric you have been involved in as a critic in the past, as have I and others—was the question of whether Hydro can ever be controlled in the public interest without major changes in both its structure and the processes by which it develops "the best ways to meet Ontario's future electricity needs."

I again refer to the select committee's report. You are aware that the demand-supply option study is well under way. It is in phase II; if phase II has not been completed, they were targeting for December of this year.

The culmination of that study and the application of its findings in essence are going to set the direction Ontario Hydro takes for the next 20 years. It will be difficult for this government or any other to change that direction once it has been set.

The major problem we found in the process was that in doing the studies, as the utility reviews the options for the future, Hydro internally, on its own, without public input—without significant ministry input, for that matter—is assessing options, accepting some and eliminating others. The product that comes out at the end of that process is limited in its scope, which I think in fairness the Hydro corporate board sincerely believes is the best road to go.

There were two major discussions in the select committee around that question. First, we have

to determine, is what is best for Ontario Hydro always what is best for Ontario? Second, if you do not change the planning structure, if you do not have input in depth into the discussion of all the options, with large public and political discussion by opposition parties, the ministry and the public at large, can you ever, in effect, significantly change or influence the direction of Ontario Hydro if you are left in the last analysis with having to believe what comes out the end of its process?

I will leave that for a few moments. As I suggested, I will come back to that several times, and I think you will start to pick up on what our concerns are. Perhaps it might be useful if at some point you and ministry staff sat down with the members and staff of the select committee to talk about the recommendations, why we came to the conclusions we did and what it was of the evidence that led us to those conclusions, so that we can make some reasonable and well-informed decisions about what we have to change to be able to accomplish what you have set out here. I have no problem with what you are saying here about setting a new direction for Ontario Hydro. I do not see how you are going to do it without making some major changes first.

I have the same general criticisms the member for Prince Edward-Lennox (Mr. Taylor) expressed. As I have said, I agree with the kinds of directions and goals you are talking about in your opening statement today, but it is vague for a number of reasons. Again, I go back to the select committee and to the Hydro question, but this is applicable in any energy sector we want to talk about here in Ontario.

In the select committee, we had a whole range of presentations from other jurisdictions, as you are well aware. In some cases, they detailed general approaches; in others, they told us specifically how they are approaching the question of identifying real, effective conservation and efficiency potential. In my view, none of the kinds of programs you have talked about can be criticized, none of them can be negatively set aside, but they scratch only the surface of the whole question of a new direction for energy in Ontario, the whole question of conservation and efficiency.

They scratch only the surface because we have not come to terms with the questions of identifying what is real in terms of potential in the province. What I am saying is that we must see some major commitments on the part of this ministry and perhaps, at the direction of this ministry, on the part of Ontario Hydro to do some

of the studies that have to be done in the province in the residential sector, the commercial sector and the industrial sector.

There are a number of different ways of approaching studies. You can use the model the Bonneville Power Administration followed. In the residential sector, for example, it took a whole township and went in and retrofitted it. It has a program of monitoring the real energy savings gains in that township so that it can identify what is real, what is theoretical and what is practical in terms of what it cost to do those retrofits, what the real gains are, what the costs of those gains are and so on.

Until we start doing those kinds of very practical things, albeit they will be costly, to identify in a precise way what is useful, what may be useful down the road but is not useful yet because it is not economic, and all the rest of those things, we will not be in a position to make good decisions about conservation and efficiency.

Your staff monitored those hearings throughout. They are aware of the kinds of things that are happening elsewhere. I am suggesting to you it is time we take at least some of those examples of good programs and make a commitment, even in a small way initially, to identifying the real potential in Ontario.

17:40

The best example of what I am talking about that I can pull right out of your statement today is the page 6 dissertation on R-2000 homes. It is extremely important that we deal with the question of new R-2000 homes and that we do anything and everything we can to encourage the development of energy efficiency in new homes. That still avoids the reality that for the next century the people of this province will be living in homes that were not built after your design competition programs, that will not have been original R-2000 homes and, for the most part, are extremely energy-inefficient.

Mr. Taylor made a number of references to the Canadian home insulation program, the off-oil program and other programs implemented by the federal government. All those programs had some useful application. We also know there were a hell of a lot of ripoffs that went on. There were some homes where people spent money and got government grants and no energy saving whatsoever resulted.

If we are going to design programs, we have to do so carefully. They have to take into consideration the reality of what we have in each sector and how long it is likely to be there so that we can

usefully calculate the conservation potential, what it will cost us and where it has to go. That is not to criticize the R-2000 program. However, to brag about it without talking about all the existing building structure in the province, especially in the residential sector, is to a large extent avoiding the problem.

Another good reference is on page 7, where you talk about what essentially are programs that are a good start but which only scratch the surface. For example, when you get to page 8, you start talking about monitoring people's energy use and advising them when they need to replace technology. This goes back to something I have raised with you before and have raised in the select committee.

One of the major things that has to happen in Ontario—and probably your ministry is the best place for it to happen, although Ontario Hydro could also play a role in it—is a mechanism of technology identification and transfer. Your ministry is the best place for that to happen, at least in terms of technologies around energy efficiency.

I will give you an example that has nothing to do with energy, but which is an example of the kind of stupidity and lost opportunities that go on, not only in this province but also in most of the jurisdictions in this country and the western world.

Over the course of the past couple of years, I and two of my colleagues from Hamilton got involved in an economic project around the city of Hamilton itself. We met with a whole range of different economic sectors from the city during the course of that project. Quite by accident, during a tour of the engineering department of McMaster University about a year and a half ago, we met with a professor in that department who had developed technology for what I will refer to as a smart sewer system. I will explain that in a minute.

You are well aware of the problems we have had in this province in the past few years with sewer systems in Metropolitan Toronto, in the city of Hamilton, and all around the Great Lakes for that matter. There are the problems of contaminated beaches and so on. Essentially, until very recently, all the major discussion on how to resolve that problem has been around sewer separation—separating the storm sewers from the sanitary sewers. We all know that will solve the problem, but it is a huge and extremely costly undertaking.

The smart sewer system Dr. James developed is one that is operated by computers, valves and,

in some cases, the occasional holding tank. It is based on information, as all computer systems are. You put out rain monitors. They not only track a storm, but they also let you know exactly where it is hitting hardest, where the sewer capacity is under pressure, where you are likely to have basements filling up with water and which of your sewage treatment plants are likely to have raw sewage bypassing them.

In Ontario, we are looking at spending hundreds of millions of dollars to resolve that problem, while this technology is less than 10 per cent of the cost to any municipality in this province to separate those sewer systems and can largely handle the problem. It does so by diverting water from those areas that are being affected by the storm to those areas where the storm has not hit yet or where it has already passed—moving water around. We do it with traffic all the time. We have used computers to control traffic for a long time.

We came within a whisker of losing that technology in this province and we came within a whisker of losing the potential to develop the expertise here to sell that technology not only right across this province, this country and this continent, but also around the world. Dr. James is now at the University of Georgia. He is no longer at McMaster because of the funding problems that are going on there.

Fortunately, we managed to latch on to him before he left. We got him in touch with the regional municipality of Hamilton-Wentworth and we also took him to the Minister of the Environment. The region has now approved a proposal to go ahead with the pilot project. It is in the process of preparing a submission to the Ministry of the Environment. The Ministry of the Environment is quite excited about this whole thing because, as you know, it gets stuck with a large amount of the cost of sewer construction and sewage plant construction and operation.

It is a prime example of how, if we do not have a very active and proactive mechanism of technology identification and technology transfer, we are not going to gain the things you talk about in your opening remarks here. We will lose a lot of them. Even if we eventually gain them, it will be at a much higher cost than it should have been. This is a situation where we have to be on top of ourselves as a developing society and on top of all those research projects that are going on out there.

You made mention somewhere in here, and I will probably find it as I go through, of a program to provide some incentive to industry around

research and development, but there was no mention of what is already happening in our universities. Virtually every university in this province has an engineering department, and they are all doing work on things that affect efficiency in many ways. We have to be out there looking for those things.

On page 12, you set out a list of things that are going to be emphasized. Eliminating programs that duplicate each other is fine. That is logical and makes sense. Mr. Taylor has asked you to identify where the duplication is, and I am sure you will do that for him. That is a logical approach, because there has been a lot of duplication in government. We have all seen that.

17:50

There is one major thing missing from this list, as I see it, and that is people. Again, I will jump ahead a bit. You talked, later on in your comments, about some of the programs in the north, the seminars and educational forums you are running. That is all well and good—and I am not going to criticize them; it is important that they happen—but until people start to get information in their hands, in their homes, on a fairly regular basis, to make them think about these things, the numbers of people who will come out and take advantage will always be smaller than we want.

This will be so until we have mechanisms by which we can start to do some of those things through our gas and electrical utilities, putting information into people's hands; not information about how cheaply they will amortize a new furnace if one buys it from them, but about the real options in home heating, the best options in home heating; information that can be produced by the ministry instead of by gas or electrical utilities that have a vested interest, information that can give people the real range of options and the real possibilities in terms of costs around those options. That is one of the major things you have to build into that list of approaches. Again, that is not to say there is anything wrong with the list; it is just lacking the last step.

While we are into the discussion about electricity, you talk, on page 14, about it being very important to break with the past. I go back to the select committee report. You are saying that the recommendations of the committee are useful and that they are going to influence some of what happens in the future. That is all well and good to say, and I am pleased you have accepted the committee report that well, but it is important for

you to understand—and I emphasize—that time is of the essence.

The studies now ongoing will result in major decisions that in many instances will be irreversible once made. It becomes difficult, when Ontario Hydro completes a four-year project two years from now, to say: "We have accepted all the recommendations of the select committee and we are going to open up your planning process. We want you to do it all over again." You know how difficult that will be. Now is when we have to intervene in that process, now is when we have to deal with the committee's recommendations. To make the decision a year from now or two years from now may be fine for the next round in 15 years—and understand that this is the first major demand-supply option study Hydro has done in 15 years.

I am glad you have commented so positively on the select committee's report but I think it is important that you and some of your staff sit down with the select committee, even if just for an afternoon, so that you get some sense of the importance of what is happening right now. We are all very interested in your comments about setting out a clear direction for Hydro but we have to define that clear direction quickly. The comment is a useful, positive one. We want to see the specifics.

I move to page 17. In the middle of the page, you set out another list of areas that are being developed. Again, nobody on this committee can criticize the Ministry of Energy for looking at those areas.

However, right off the top—it may not be a problem, but it is something that puzzles me—is item two, strategic conservation of electricity. When I see that phrase, I think back to our spring hearings in the select committee. Hydro used that phrase umpteen times during its presentations to the select committee. For most of us on the committee, that was a new phrase at that point.

What did Hydro mean by "strategic conservation"? Essentially, what Hydro defined as strategic conservation from its perspective was conservation that in its planning it could reasonably count on happening without anybody doing anything. It did not include incentive programs or educational programs. Strategic conservation for Hydro is presumably conservation that is going to result from the economy and the marketplace, but not from any specific direction of program, incentive, standard or whatever else in that range of things we can talk about.

What does the Ministry of Energy mean by "strategic conservation of electricity"? If it

means what it meant to Hydro, there is a major item missing from this list and that is all the rest of the conservation. We are going to have to educate and stimulate. If strategic conservation means something different for the Ministry of Energy, then I may not have any problems with the list.

I am not going to mention too much at the moment on the buy-back rate. During the course of our discussions here, I would like to get into a good discussion of this release earlier this week by Hydro, because it is an extremely important thing and I am not at all sure that the changes Hydro has proposed will get at many of the aspects of conservation we are looking for in parallel generation.

One of the things your ministry can be applauded for and criticized for at the same time is this discussion of alternative transportation fuels. My personal view is that the work you have done on alternative transportation fuels is good work. The facts you have set out for us about the numbers of vehicles now using alternative fuels are useful. It is a good start. However, my criticism starts with the question of the ultimate public utilization of those alternative fuels and the other problems associated with alternative fuels, which are not directly the responsibility of your ministry.

Propane is the first one that pops into my mind. You have been in the House during the past weeks when questions and concerns have been raised about the explosion in York South. All the work in the world on alternative energy is going to mean little or nothing if we do not resolve the other problems, such as the distribution of fuels to the users.

It has not been a major problem to this point because there are still limited numbers of propane-powered vehicles out there, but if we want to see massive use of alternative transportation fuels, we also have to resolve the questions of distribution for propane, natural gas and the other fuels you have mentioned. There has to be an initiative on the part of your ministry, which is out there promoting those fuels, to lean on some of the other ministries and to look for effective ways to resolve the distribution questions. A lot of it may be for naught.

We are getting a little short on time. I do not think I am going to finish my comments today but perhaps I can run through one or two other items before we wrap up, unless you would like to close off now.

Mr. Chairman: If you can do it in two minutes.

Mr. Charlton: I am trying to find a good break point here.

Mr. Chairman: Perhaps you have arrived at it.

Mr. Charlton: You are probably right, because the next area I want to get into shifts significantly from where we are.

Hon. Mr. Kerrio: You can carry on when we come back. I do not have any problem with that.

Mr. Charlton: I will close off my comments now and resume them when we come back.

Mr. Chairman: We will adjourn for the day now. We will come back again on Monday afternoon and proceed with Mr. Charlton's remarks and then, presumably, responses from the minister.

Hon. Mr. Kerrio: I think that should use up that session.

Mr. Chairman: Yes. Then, on Wednesday, the first part of the meeting will deal with the plant closures assignment to the committee.

Do the two critics want to ask for any particular people to be here on Monday or Wednesday? We have only three days: Monday, Wednesday and Thursday.

Hon. Mr. Kerrio: It may be timely if we respond and get our votes cleared up on Wednesday, but we can make that decision on Monday. Is that all right?

Mr. Charlton: I think Monday is going to be largely consumed by finishing this, the responses to some of our questions, and it will be largely ministry head office staff who will be needed for that. We can discuss on Monday who we want for Wednesday and Thursday.

Mr. Chairman: We are adjourned until Monday afternoon.

The committee adjourned at 6 p.m.

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Taylor, J. A. (Prince Edward-Lennox PC)

Witness:**From the Ministry of Energy:**

Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

Second Session, 33rd Parliament
Monday, December 15, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, December 15, 1986

The committee met at 3:41 p.m. in room 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1701, ministry administration program; item 1, main office:

Mr. Chairman: The standing committee on resources development will come to order. We had completed the minister's statement and the official opposition leadoff, and we were proceeding with Mr. Charlton's response to the minister; so we will continue with that.

Mr. Charlton: When I wrapped up last Thursday, I had just finished making comments about the need for some interministerial co-ordination in terms of some of the new fuels the Ministry of Energy is promoting, where we are running into problems with the delivery of those fuels in the community.

I was about to move into the section of the minister's presentation that dealt with deregulation, and specifically natural gas pricing, and then into gasoline pricing in northern Ontario.

I do not want to spend a lot of time on this section, except to say that all your comments here and what is going on out in the real world reflect a serious pattern in the energy sector that in my view points clearly to the folly of the move towards deregulation in the first place.

For the better part of an entire decade there was a clamour by the oil and gas industries in this country to deregulate. Now that deregulation is happening, there is a clamour to start to regulate portions of the industry again, but obviously the clamouring they are doing is to regulate the part of the market they see as detrimental, and not the part of the regulated market they did not like in the past.

We have to rethink the whole question of regulation versus deregulation in energy, because energy happens to be so all-consuming in this society, both in terms of average individuals, the huge transportation complex we have in this country, our industrial dependence on various energy sources and its overall impact on the economy and the people in the economy.

If we are going to start getting into regulating some parts of the energy industry for the benefit of the energy companies in this country, we are

going to have to be prepared to do some regulation of the industry, when the time comes, to protect the consumers in this country. There is going to be talk not only about floors but about ceilings as well.

We have to take some lessons out of everything that has happened, because it has become very clear that what the energy industries wanted was not a fully free marketplace; they wanted a marketplace without a roof, but they wanted a floor. We have got to take some lessons out of that and start in this country, between the provinces and with the federal government, to work out some kind of clear understanding of what a rational future is for Canada in the longer term.

In addition, I think it is useful to say a couple of things about your comments about energy in northern Ontario and specifically about gasoline prices in the north. Although you have not said you are not prepared to do something, it is clear you do not have the solution ready for northern Ontario.

You have listened repeatedly to my colleagues from the north when they have raised this issue in the House, and although your study shows an average price differential of only 4.2 cents per litre, we know that the extremes are fairly extreme from time to time, and in some communities most of the time.

You have to be prepared to look seriously at some kind of realistic solution to the problem. One area is wholesale prices that are perhaps uniform across the province where, in the pricing of the large distributors of oil, the additional costs that are reflected in the north could be easily absorbed in the whole system without imposing a huge burden on the rest of the province.

An alternative approach that could be useful as well would be to use the average retail price from the major centres in the south and to allow a fixed range of fluctuation from that average price to compensate for transportation and so on.

There are a couple of ways to go at this, and you have to come up with the answer. We cannot allow some of the very small and very remote communities that we in the south in many ways depend on for many things that we would not otherwise have to continue to victimize by their very location. We have to do something to see

that some of the economic disadvantages that face those communities are remedied or at least reduced.

On page 31 of your statement, you got into making comments about Ontario Hydro and its need for competitiveness in terms of its rates. You, as the minister, should know and should take a careful look at some of the things Ontario Hydro set out to the select committee, both last fall and again last spring.

In terms of Ontario Hydro's present direction, the comparison you have used is to Hydro-Québec. I will use the same one, but you could say the same for Manitoba Hydro and utilities in a number of other jurisdictions that have started to change direction and are not yet pricing themselves competitively with Quebec and Manitoba, but in my view 10 or 15 years down the road they could be, simply because of the change in direction they are starting to implement at this point.

You, as the minister, should be aware that the present direction which Ontario Hydro has taken, although from Hydro's perspective it may enable the company to meet Ontario's energy needs, is not going to keep Ontario Hydro price-competitive with other major sectors in North America. Eventually that is going to be a serious disadvantage to this province, even if it may be 25 years down the road, because 25 years is not that far off in economic life.

You need to look carefully at some of the comments Hydro made during its presentations about the escalation of its rates and the escalation in buy-back rates it sees happening over the next decade, and a number of other things that I have raised before with you.

15:50

Between pages 31 and 35, you get back into talking about energy conservation alternatives and a number of other things. Again, I do not want to spend a lot of time on this—we have been through it quite thoroughly in the select committee and in our report to the government and to you—but there is one major area I want to emphasize in terms of energy conservation and many of the other small or alternative options. I raise this one because you have not mentioned it at all; it is the whole question of the capital advantage that Ontario Hydro has. It is one they should have in my view.

If we have the ability to give an advantage to the economy of this province, we should use that advantage. But we have to take that capital advantage into account when we are considering the viability of conservation, small hydro and all

the other alternative options we may be considering from time to time. Either we have to provide the same capital advantage to those other options or we have to take it into account at least when we talk about things such as buy-back rates and try to set buy-back rates based on what Hydro is capable of producing power for when it has the capital advantage that the small investor does not have.

What I am saying is that whether it is through providing small producers of power with the same capital advantage that Hydro has, or at least taking that capital advantage into account in the way we deal with small producers or with the conservation programs we attempt to implement or whatever the case happens to be and looking at it in the buy-back rate, one way or another we have to get at that disadvantage which the alternatives are presently at in terms of competing on an even plane with Ontario Hydro. The capital advantage is one of the major parts of that.

I say that because energy and energy prices have such a huge impact on the Ontario economy and especially on the huge industrial complex in the province, which is what the economy of Ontario depends on for its growth and for the largest part of its economic development. It is too important a sector to leave whatever potential advantages in whatever energy sector there may be to the whims of one crown corporation that, albeit in general it has done a fairly decent job overall, has not always operated in the purely best interests of the people of Ontario.

It has been shown a number of times where they have had to be reined in. We can all recall some of those occasions. In that context, it is important that we develop an energy policy in this province which not only applauds and assists Hydro but applauds and assists all those other entrepreneurs and developers of new technologies that have a role to play in Ontario's energy future but perhaps cannot find the way into that role in the present circumstances.

I will wrap up my comments there, and we can move into responses.

Hon. Mr. Kerrio: Before I go forward, just because it happens to be handy, let me comment on the basis of the Hydro buy-back rates. We just talked about quite significant changes; so there will be initiatives for the very thing you are describing. I will not read this whole news release into the record.

Mr. Taylor: What is that?

Hon. Mr. Kerrio: Buy-back rates for small entrepreneurs. We have increased the standard purchase rate from 3.45 cents per kilowatt-hour

to 3.60. We will not get into the capacity factors and all that, unless you choose to do that. We will also look at a higher rate, fixed for 10 years, to allow the small hydraulic developments to go forward even quicker, by paying a guaranteed rate of 4.94 cents per kilowatt-hour for 10 years; in that way, with a more minimal requirement for themselves, they could very properly go before a bank or some such thing to raise capital.

This is quite an involved release, and I should make it available to you because it spells out the kinds of availability and capacity factors and all those other things. The two main things are that we are raising the rates on those that are existing and making it what we think is viable. I am prepared as the minister to examine those rates and make certain they do encourage small hydro development.

I had a bit of a problem, and I will share it with you, because I think it is worth repeating. Sometimes there are those who get very impatient with us setting rates. They have said we have been dragging our feet. But let me tell you, I could have set the rates a year ago, but I had some concerns—

Mr. Taylor: On what?

Hon. Mr. Kerrio: On buy-back.

Mr. Taylor: You can set rates on buy-back, as a minister?

Hon. Mr. Kerrio: I could in a sense put forward—yes, is that not interesting?

Mr. Taylor: I would like you to enlarge on that.

Hon. Mr. Kerrio: It is not written in the rules we had to live by before. These are new rules.

Mr. Taylor: You are saying on the record now that you have the authority as a minister to set the Hydro buy-back rates?

Hon. Mr. Kerrio: No, I do not have the authority at all.

Mr. Taylor: All right. That is what we want clear.

Hon. Mr. Kerrio: You are putting words in my mouth.

Mr. Taylor: I am not; I am just trying to clarify your words.

Hon. Mr. Kerrio: When I said we agreed, what I meant was that in the memorandum of understanding, which is not what you might call a hard-and-fast written document, the new enlightenment of Hydro sees that we are taking very seriously the development of these small hydro projects as though they are going to

happen, if we can influence them to do that. I do not have the authority, no. Okay?

Mr. Taylor: Okay.

Hon. Mr. Kerrio: The strange thing was that these rates did go up, without the authority.

Mr. Taylor: By a fraction. In my comments, I asked you to clarify more fully and to explain to this committee what the procedure is in terms of getting Hydro to agree to buy hydro and what the procedure is in terms of developing these small hydro sites. One of your colleagues, an assistant of yours, when he was Energy critic—you know to whom I am referring, Julian Reed—spent a good part of his life generating electricity from a stream on his property. It was an ongoing saga.

Hon. Mr. Kerrio: The Credit River.

Mr. Taylor: That is right. It was an exercise in frustration for a long time. The whole process was such that nothing much came out at the other end; the results were nil. It is all right to say, "We are going to give you more money," but if you are not in a position to generate the power, then the end price is no good to you. I was looking for some clarification from you on that as well.

16:00

Hon. Mr. Kerrio: Then let us do it right now. It also takes co-operation from the Minister of Natural Resources, and I think I can accomplish that, where we are talking about the supply of the major source. But to go back to the question, I think that in discussing this with Hydro, without having a mandate to direct them, they are convinced also that this government has a very strong feeling about developing these small sites and they are very willing to co-operate.

What I was in the process of saying, when you went like a lawyer's mind thinks and tried to pin me on the wall, was that if these rates Hydro has very willingly put forward, just with a little co-operative nudge, are not adequate to develop those sites—but I happen to think they are, because they were developing them at the old rate. Is that a fair comment to make?

At the old rate we had some come on stream and it did not need much to encourage them to go forward. To be able to do what we have done now with the 4.94 rate, which is a fairly good rate, what I want to say to you is that where we were having a sort of a problem was, in order to be fair, if you had a one-megawatt potential, if we just set a rate without looking at some water rentals and other implications, if you had a one-megawatt site and someone else had a 20-megawatt site, if you strictly put up one price, you might discourage a one-megawatt site from even being

developed and have a 20-megawatt site that would produce the kind of money that would not be consistent with putting something in at a reasonable return on investment.

Therefore, we have basically been in the throes of moving that around in order to try to be fair to everyone who might want to develop a site. Many other factors are involved: where the site is, how close it is to existing transmission lines and all of that. It is not an easy task, but it is being done, and I think in a way that is going to be fair to all of those people who would become involved.

Mr. Taylor: Hydro is just throwing you a bone. Throw the dog a bone, that is all.

Hon. Mr. Kerrio: It is one we never had before.

Mr. Taylor: In Hydro, the story is to get bigger and bigger and build bigger generators, not smaller, and each one has to be bigger than the last. If you think you are going to convince them to go back to one-megawatt generators, you are crazy.

Hon. Mr. Kerrio: Hold it. I did not ask them to build a one-megawatt generator.

Mr. Taylor: I know, but to encourage production through small hydro sites.

Hon. Mr. Kerrio: No, but they have agreed for 20 megawatts and under now. We are up to 20 megawatts for the other people to develop, not one. Listen, it is a start. It is heading in the right direction. That is the important thing.

Mr. Charlton: I would like to jump in on this discussion we are having about buy-back rates.

Mr. Chairman: Okay. A number of members have indicated that. Do you wish to allow some interplay or exchange with the minister on that?

Mr. Charlton: Yes.

Mr. Chairman: All right.

Mr. Charlton: I appreciate the minister's comments on the buy-back rate and I appreciate his comments about Ontario Hydro's willingness to look at increasing the buy-back rate, and we have had a small increase.

We have had this discussion before. I had this discussion with Hydro and with some of your staff last spring during the hearings after you made your presentation and your staff came in, but we have got a real problem. We have got to find a resolution to that problem, and unfortunately the resolution in terms of a policy decision is going to have to ultimately come from you, Mr. Minister, because it will not come from Hydro.

The problem is that because we have Darlington two thirds complete and because the cabinet has approved its completion, we have a squeeze between supply and demand for the next decade. We have a situation where we have got a buy-back rate that is not only below Ontario Hydro's average system rate, but it is also considerably below that magic number that gets used in the buy-back rates debate: the avoided costs.

We know the startup costs of Darlington are going to be six and one half cents or seven cents, and we know that the average lifetime costs at Darlington are going to be four and a half or five cents. Therefore, I think we can reasonably say that four and a half to five cents at the very lowest is our next increment of avoided costs. In my view, that is the range we have to be looking to for our buy-back rates in the near future. That is going to change with inflation and the other things that push rates up.

I am speaking to the point we have all talked about so many times: what happens beyond Darlington? That is the question Mr. Taylor has raised and you yourself have raised a number of times. Beyond Darlington, when we need the next increment of power, is it going to be supplied by another huge facility? Is it going to be supplied by small hydro? Is it going to be supplied by small hydro and conservation? Is some of it going to be kicked in with industrial cogeneration? Where is the next increment of power going to come from?

If we want the next increment of power to come from other than another huge facility built by Ontario Hydro with its capital-cost advantage in the marketplace, then we keep the buy-back rate below the avoided cost of what the next plant is going to cost Hydro and it will still come off looking better because the alternatives will not come on stream unless they can get the same advantages that Hydro gets.

At some point, the minister has to make the policy decision and the legal changes. I understand what you said. We have a bind right now because Darlington is coming on stream and the power it is going to kick into the system. We have a short-term bind in terms of being able to go the full avoided cost on the buy-back rate. You are going to have to make the decision that the buy-back rate in Ontario, starting in year such-and-such, will be the full avoided cost of the next increment of power and that there will be a scaling to that full avoided cost over whatever the period of time between your making that

decision and the time the decision is implemented.

If we continue to avoid the policy question of what is a buy-back rate, we are going to miss huge potential for conservation and cogeneration out there in this province that just will not come off. That buy-back rate of 3.6 cents a kilowatt will not come off.

Hon. Mr. Kerrio: I will respond quickly to your two-part question. Without going into the proposed list, you have described all of the alternatives that were taken into account. There is proof that it is happening already. To the degree that we get the co-operation, we are moving forward. We will have to talk about legislation if we get hung up, but there are 13 private generators contracted for right now. The interesting part of it is that we have 17 projects under negotiation right now. That was before we bumped up the rate. We have more projects being considered right now than we have on stream simply because there was an anticipation—

Mr. Charlton: That speaks directly to my point. You look at the buy-back rate you had to guarantee for 10 years so that you can ensure that you will continue to bring on those small hydraulics.

Hon. Mr. Kerrio: That is right.

Mr. Charlton: You are looking at 4.9, which is in the range of the avoided cost of Darlington—if we had been able to avoid it, which we did not. If you study the problem carefully, you are going to find that is true. In the other two alternative areas as well you are going to have to go pretty well to full avoided cost if you want to bring them on stream in any great measure.

Hon. Mr. Kerrio: The realistic part from my side is that I am going to attempt to put them at a price where they will be brought on stream and not try to start up at the top end where, in some instances, the rate would bring back a return on investment that would not normally be fair.

Mr. Charlton: I understand that.

Hon. Mr. Kerrio: That is my problem.

Mr. Charlton: I even set out for you the problem we have. Because of the decision to complete Darlington, I understood that you were not going to be in a position to move to full avoided cost tomorrow. You cannot do it. I was asking if you can, as some kind of a commitment, sit down and study the avoided cost problem so that you can be in a position a year from now to say, "By 1995 or 1997 or whatever the case happens to be, the buy-back rate in Ontario will be the full avoided cost of the next increment of

power. We will go from where we are now, the 3.6 cents, to that full avoided cost in these orderly steps over the next 10 years."

16:10

Hon. Mr. Kerrio: You can see the date on this release. I suggest we will examine that comment you made. In the meantime, we will have a pretty good idea where this takes us. Getting up close to five cents should give a lot of encouragement to those people who will become involved.

In keeping with the question, we certainly would be willing to examine that as another alternative.

Mr. McGuigan: Can I have a supplementary on that?

Mr. Chairman: I have already put you on the list. Mr. South is next.

Mr. South: I apologize for not having been here on the opening of the estimates on Thursday, but I would like to enter into some discussion—and I do not know whether this is the time or maybe when the Ontario Energy Board is present—about the basic organization of Ontario Hydro versus the Ontario Energy Board.

I could not help but have the feeling during the discussions on Darlington that as politicians we were at a real disadvantage in that Ontario Hydro seemed to have all the experts and we hardly really knew the questions to ask.

Mr. Taylor: They will tell you.

Mr. South: Exactly. I would like to see the basic rules changed. I would like to see a basic reorganization of Ontario Hydro. I would like to see an Ontario Energy Board that is entirely separate, independent and better able to advise the politicians.

Again, when they discussed alternatives to Darlington, one being whether we should purchase hydro power from Quebec, I could not help having the feeling that you had an organization, being Ontario Hydro, dealing with a situation in which it had a very prejudiced, biased interest.

Maybe this is not the time. Are we going to have an opportunity to have the Ontario Energy Board in here with Ontario Hydro people? That is an area I would like to see discussed.

Mr. Chairman: Mr. South, we are going to have both before the committee and I do not think it would be appropriate for them to miss your comments. I think they would want to hear your comments, so I think if you could—

Mr. South: When will that be?

Mr. Chairman: The committee will decide at the end of today, when we see where we are,

when the committee wants to schedule OEB and Ontario Hydro. There are only two days left, Wednesday and Thursday, and not that many hours, so it really is up to the committee.

Mr. Taylor: Just apropos that, Mr. Chairman, the Liberal Party in Prince Edward-Lennox, which is my riding, corresponded with the minister, Mr. Kerrio, in regard to the Lennox generating station and the potential for reopening that. I have read the newspaper reports and so on and they would seem to indicate some optimism with regard to the future of that plant. Maybe the minister, in addressing this problem of alternative sources—and this is going to be oil-fired—could respond to that. I would like to know your involvement and your authority over that kind of decision-making.

Mr. Chairman: Before the minister gets into that: Mr. South, is that all right? At the end of the day you will know.

Mr. South: Yes, okay.

Mr. Gordon: On a slightly different topic but still related to this whole question of energy, I read on page 12 how Ontario signed a memorandum of understanding in energy conservation and efficiency with the federal government. The agreement will be in effect until March 1988, and it talks about eliminating programs and introducing new areas of co-operation, simplifying intergovernmental project approvals and so forth.

I see all this fanfare and yet last August, Mr. Minister, you and your cabinet colleagues announced very grandly that you were going to establish a panel of international experts to look at the safety, operation, emergency plans, etc., regarding our nuclear power reactors across this province. Nothing has been done. The only thing you said to me in the Legislature the other day about this whole matter was that you were going to be talking about establishing a chairman of a panel.

Hon. Mr. Kerrio: Is there a connection between what you are—

Mr. Gordon: There is definitely a connection. The connection is, Minister, just to enlighten you, that you have one set of priorities for one group and you have no priorities and no emphasis being given to the other questions that are being raised in the province. How are we going to make, for example, design changes in Bruce or Pickering, which are in the final stages of construction? How are we going to do anything about design changes that might be necessary in Darlington, without this panel?

Looking at the whole question, you have chosen to ignore that entirely.

Another topic which you can talk about too—

Hon. Mr. Kerrio: Do not go to another topic before I respond to one.

Mr. Gordon: No, let us put it all on the table and then you can have your staff go away and look at it and maybe come back with some answers.

Hon. Mr. Kerrio: No, they do not have to. I can respond nose-to-nose with you.

Mr. Gordon: Good.

Hon. Mr. Kerrio: I do not have to go anywhere from here. If you want me to answer one at a time, fine. If you want to lay them on the table, that is good too.

Mr. Taylor: Answer that, because I asked a similar question.

Hon. Mr. Kerrio: When I respond, I will answer the question.

Mr. Chairman: May I suggest that unless we proceed with the minister's response to the two critics it would be unfair to the critics. They will not get answers to the questions they have raised in their lead-offs. If you want to deal with Mr. Gordon's question, that is fine; however, I think you should then go back to responding to the two critics.

Hon. Mr. Kerrio: He does not quite understand the situation here. He is talking about an understanding with the federal government, with Mr. Masse, and then he is talking about another subject that is unrelated.

Mr. Gordon: I do not know what that is.

Hon. Mr. Kerrio: The subject matter—I am telling you.

Mr. Gordon: That is your point of view.

Hon. Mr. Kerrio: Is it okay if I tell you what it is? I listened to yours. I am telling you my point of view. You told me yours. I accept that. That is what this dialogue is all about.

Mr. Masse and I signed an agreement that has to do with undertakings where we jointly get involved with energy funding and all of those things so that we do not go off singularly without doing it in a way that is going to put our money to the best use. So we put money on the table and signed an agreement. That had nothing to do with the examination of the Candu reactors. That agreement had nothing to do with it at all. When you coupled them together, I could not understand where you were coming from, so I want to separate them.

On that other issue, we certainly undertook, on the first agreement from the recommendations of the select committee, to take into account a review of the safety of Candu reactors after the completion of Darlington. We are not bringing someone in here to redesign Candu reactors. Where did you get the idea that was going to happen?

We are talking about examining the safety of the Candu reactors. The man who does this, the international or Canadian expert or whoever we get to do the examining, is certainly not going to redesign the Candu reactors. He is going to examine the safety of the reactors that are there, that have been designed and built by people who are expert in their field.

I would not expect that, if some safety group examined a General Motors car, it would go down and tell GM how to rebuild it. I am telling you the way it is. We are very careful about the person who is chosen for that very important undertaking. We have been working on it diligently. I will not tell you to the degree, but it is as recently as today. There have been many days in the past when we have been examining that circumstance.

We cannot just go shopping for this kind of person. It is a very important task that he will undertake. That is where it is.

Mr. Gordon: Minister, you should read your own press releases.

Hon. Mr. Kerrio: You cannot suggest to me that I am not doing anything about it. I do not accept that.

Mr. Gordon: I think you should read your own press releases. There was a great deal of fanfare around the third week of August or thereabouts, announcing that you were going to establish a panel, that they would be international experts, and now you are going to tell me that you are reneging on that.

Hon. Mr. Kerrio: No, I am not.

Mr. Gordon: Yes, you are. You are reneging on it.

Hon. Mr. Kerrio: I am going forward and will complete that matter.

Mr. Gordon: You are not really following up on this matter. You are choosing to hide behind words and you are not meeting the criteria you laid down. As a matter of fact, if you go back and read the answer that you gave me to a question I asked on this very subject less than a week ago, in actual fact you were the one who started dragging Masse into this whole question.

Hon. Mr. Kerrio: I said—
16:20

Mr. Gordon: It is not a matter of dragging Mr. Masse into this question. It is a matter of looking at operating, design and safety. We still do not have emergency safety plans that are accepted or could even be put on the table for the public to debate. You people are hiding behind words. As far as I am concerned, you are not taking charge of this issue at all. You are letting it drift away. I am sure that what has happened is that Mr. Campbell has taken you aside and said, "Do not let these fellows push you around. Do not let the opposition make any headway here." We are talking for the public.

Hon. Mr. Kerrio: Where are you coming from? I inherited this thing from your government, lock, stock and barrel.

Mr. Gordon: Now you go back to the 42-year business.

Hon. Mr. Kerrio: No.

Mr. Gordon: When in doubt, when unable to answer, talk about 42 years ago.

Hon. Mr. Kerrio: Exactly. It is a very valid argument and you cannot escape it.

Mr. Gordon: Absolute malarkey.

Hon. Mr. Kerrio: We are accepting that challenge.

Mr. Gordon: We got our answer and our answer is that you do not have an answer for us. I suggest you go back and learn a little bit more about your ministry.

Hon. Mr. Kerrio: I do not have to do that. The ministry is better run than it has ever been run before in the sense of getting co-operation from Hydro.

Mr. Gordon: You do not know anything.

Hon. Mr. Kerrio: I am telling you that straight up front. It is exasperating for you to sit there, after you failed miserably, and find out there is a government that is moving forward. I would use the same words if I was in your boots, and say it does not make any sense at all to try to make your point. If I had run this thing for 42 years and fell on my nose, certainly I would do the same thing you are doing. The fact of the matter is that your words are not very good to go forward with either.

Mr. Gordon: There are two or three other areas I would like to pursue now that we have shown that the minister has not done a damn thing.

Hon. Mr. Kerrio: You are not going to have the last word on this one, no matter how hard you

try. You did it last year to me because I was just a little green, but do not try it again.

Mr. Gordon: Did I do it to you last year?

Hon. Mr. Kerrio: Just a little.

Mr. Gordon: Oh, really? I did it again this year too.

Hon. Mr. Kerrio: You will not do it again.

Mr. Gordon: I will do it again on the next subject.

Hon. Mr. Kerrio: The fact of the matter is I shall not move to the next subject until I am satisfied to move to the next subject.

Mr. Chairman: I think, Minister—

Hon. Mr. Kerrio: I want to comment. If he is going to interrupt me all the way along, he had better learn right now that it is not going happen here. If you want to ask a question, you had better leave me time to answer it and not interrupt me or I shall not answer your questions. Is that fair?

Mr. Gordon: All right. Just to answer the minister since he brought up the subject of answering questions, the question was asked and you did not give an answer.

Hon. Mr. Kerrio: You kept interrupting. I was attempting to give an answer and you were interrupting me every time I tried to give an answer. There is no way that you are going to get the last word, no matter how hard you try.

Mr. Taylor: This is being argumentative.

Hon. Mr. Kerrio: That is right. Put your question and then be quiet.

Mr. Taylor: I do not know whether you are talking about Marcel Masse or critical mass.

Mr. Knight: Mr. Chairman, can we do this again on Wednesday when we are in room 151 with the television setup?

Hon. Mr. Kerrio: He does not act sensible at all.

Mr. Chairman: Order. Let us return to the reply of the minister to the two critics and ignore the interjections. I will not recognize any other speaker until he has completed that.

Hon. Mr. Kerrio: That makes a lot of sense, Mr. Chairman. Thank you very much.

Mr. Chairman: Please proceed.

Hon. Mr. Kerrio: What we are going to respond to is the critic of the official opposition. I think the very first question raised was in reference to the salary range in the ministry being apparently higher than was acceptable in the rest of the civil service.

The present average salary paid to the existing staff is \$39,000. There is an analysis here that I

am fully prepared to share with you. This is somewhat higher than the average for the classified service as a whole, but when you take into account the size of the ministry, the kind of requirements in that ministry and the kind of people we need there, such as economists, you will see there is a very good reason in this ministry for those numbers.

You can compare that with, for instance, my other ministry, Natural Resources, where the averages would of necessity be quite different. I am prepared to share those with you. I will not attempt to qualify them in any other way except to say that the staff is of a calibre, because of its size and requirements, not to bring into account many other ministries that would have staff in great numbers paid less money for the difference in the requirements of their job. If you want any more than that, I am sure we would give out every bit of information that you might require.

Mr. Taylor: In conjunction with that is the role and responsibilities of those personnel and whether they are necessary. Also, I made reference—maybe not explicitly, but certainly indirectly—to the duplication and overlap there may be with the federal government in terms of its role and responsibilities in the same area. It is a question whether your ministry's role is more of a letter-writing response to an inquiry in public or whether it is an operating ministry, at least a ministry that actually does something.

I also made reference to the fact that it is more like a secretariat in the light of the overall decrease, as I see, in the size of your budget. Tied in with that was your other portfolio as Minister of Natural Resources, and whether you are forecasting maybe a decrease in your staff and whether you had considered the ultimate integration of your ministry with the Ministry of Natural Resources.

Hon. Mr. Kerrio: To respond to that—

Mr. Taylor: That is a package, but it is all tied in.

Hon. Mr. Kerrio: To answer the last question first, there is no plan at this time to integrate the two ministries. They are separate and distinct, and there is no plan to do anything more. To get into some of the details of staff and that, I would ask my deputy to respond because he would have more feeling about where we are than I do.

Mr. Allan: I guess the perspective I would like to bring, if there is one, is that we have about 20 fewer staff than we had two years ago. The budget is pretty well flat in terms of program output. In comparison with the government of

Canada, in terms of projects and what we do out there other than press releases and paper, as Mr. Taylor mentioned, we do about two projects for every one they do in the province. The model that Canada is using, in fact, for conservation, renewables, hands-on alternatives and technology is Ontario's model, which, frankly, is the leader in Canada.

Mr. Taylor: That is conservation.

Mr. Allan: Conservation, renewables and alternatives in research and development. On the policy side, I would not want to make a judgement about effectiveness other than, for a small ministry we got a hell of a lot of people excited around the country, in Hydro and in the government of Canada. That might have to do with quality or with balls, I am not sure, but we have a policy and an economic unit that does put choices in front of the new government, long-term trends, whether it is buy-back rates or otherwise. Eventually, in Ottawa at the National Energy Board and in all the different forums where policy decisions get thrashed out, we are taken pretty seriously for the scale of ministry that we are and against the powerful vested interests in the energy business in this country.

That is the perspective I would like to bring. This is a multibillion-dollar business. Governments, whether they be Ontario or otherwise, have to have perspective and choice; otherwise, they are going to be led around by the nose. One of the things that we try to do is get the data for that perspective, so those choices can be put on the table. I would kind of defend the output of the ministry and its performance, both in the policy and program sense, despite the fact that we are down-sizing.

We were the highest paid ministry in the government three years ago. We are close now; there are a couple of other people pretty close to us. That is not because we are going up. I think our average pay has kind of bellied out. We will give you the details over three years. The trend line basically is to flatten the pay, shake out some people and get more performance and output out of the remainder.

Mr. Taylor: Is the Ministry of Treasury and Economics still bird-dogging?

Mr. Allan: Not as much as they did, because they cannot compete with us in our business. That is putting it fairly baldly, but they ain't got the horses or the talent any more to one up us with a quick shot.

Mr. Pierce: They are all working for Energy, though.

Hon. Mr. Kerrio: On the question of policy direction, which is one of the major questions that intrigues both of us, I have to think this government has been given the kind of co-operation initially that we were asking for with Ontario Hydro. They have a commitment to conservation and to some of the directions we would like them to go in. I cannot think that is not happening, because of many of the things that are unfolding before us. As I said, small hydraulic, conservation and energy efficiency are all things that are taking place in the whole new direction of Ontario Hydro.

16:30

With respect to some of these born-again people on the other side, it comes as quite a shock to me when they are so violent now that they have got to the other benches. Maybe that is the reaction when you get pushed across the floor, I do not know. However, the fact of the matter is that we have one of the finest large power-producing groups of people in North America. That is not to say that some new direction is not going to be very helpful to Ontario and the economic base of this province, but I do not think—and I say this very kindly—the former government had the will to kind of redirect Ontario Hydro.

It is obvious that what they decided was that the politics were such that if they left Ontario Hydro at two arms' lengths away they could not be criticized—the government itself—if there were some initiatives that might go sour on them.

We do not feel that way. We are prepared to get right in there and start doing some of the things that need to be done. So far, with the initiatives we are talking about, Ontario Hydro has been co-operative.

However, when I say we have one of the finest utilities and the kind of co-operation from the workers there in order to make this thing go, and the prices that are reflected in it; we want to move it, yes, but we do not want to upset it. I think that is a very reasonable direction to go. I think the workers at Ontario Hydro and everyone else will accept that. Maybe people do not like to change, but remember, the former government did have a big lever there when it wanted to use it, and it was not the Minister of Energy that did but the then-Treasurer. When he pulled on the big lever, about \$5 billion did not flow to Ontario Hydro.

Therefore, there was a lever if they wanted to use it. We are talking about a new arrangement that is a good understanding of where we would like Ontario Hydro to go. So far, I think it is happening. There are those who do not agree that

it is happening, but that is, in my sense, where we are going because of the initiatives that have been accepted.

Mr. Taylor: With respect, I recollect you and your predecessors, as you occupied the opposition benches, being most critical of Ontario Hydro and now you seem to embrace them, or else they have emasculated you. You are talking about redirecting them and accomplishing great things. I was seeking specifics, which have not been as yet revealed; no doubt they will be, as your discussion and response unfold.

Hon. Mr. Kerrio: I could let a very colourful person in Duncan Allan respond, but I will not.

Mr. Taylor: You did not respond to the question I asked earlier, in talking about alternative sources of energy in terms of the two oil-fired plants. One was open and never really operating, and one did not even bother to open. I read in the newspapers that you are dealing directly with the local Liberal association in my riding; you are not dealing with the Energy critic.

Hon. Mr. Kerrio: Could you give me their names?

Mr. Taylor: No. I have to seek information from them. Now that you are here I thought I should be seeking information from you.

Hon. Mr. Kerrio: I think both are good sources.

Mr. Taylor: I notice Mr. South is smiling. He may be making snowballs and having someone else pitching them, I do not know.

Mr. South: I am clean. I know nothing about it.

Mr. Taylor: If you have a response, I am sure the good people of the riding who are seeking job opportunities are wondering why you are pursuing contracts with Hydro-Québec for power purchase and not considering these multibillion-dollar plants, cumulatively speaking, that have the capacity to generate the power.

Hon. Mr. Kerrio: This high-paid group behind me does prepare answers for me. However in many instances, I have a feeling about where you are coming from. On that one, you brought up a comment that is valid about purchases from Quebec.

If I am not mistaken, we have advanced Quebec some \$10 million to purchase hydraulic power, but it seems to me the advance will be used up in power that does flow from Quebec. To have the assurance that we have that extra power for the price we are going to pay for it, in the event that we use up \$10 million worth of power,

it seems to me that it would be considerably cheaper than power that would be developed at Lennox.

This is from some of the material that was prepared for me. It follows that consideration was given to restarting the Lennox station for the winter period. After a study was made, it was decided that it was not possible to have this station in service for the peak-load period of December and January, that the cost involved was too high compared with the benefit of having the station available. The major problem was the availability and the relocation of trained personnel to run it. That flows from the fact that the plant was mothballed and would have to be restarted.

There was a resolution on the problem between Ontario Hydro and Petrosar on that whole question of contracts. The decision came down in favour of Ontario Hydro. There were two of them outstanding—one with Petrosar and a gas company and one with Hydro.

Mr. MacOdrum: One was Union Gas Ltd. and Petrosar and the other one was with Ontario Hydro and Petrosar, which is now called Polysar Corp., because Petrosar is now 100 per cent owned by Polysar. The decision of the court at the trial level was entirely in Hydro's favour in the dispute between Petrosar and Ontario Hydro.

Mr. Taylor: That is in terms of the severance of contracts. There was \$1 million of oil in storage on that site. I only know what the cost was to Ontario Hydro. I am not talking about a result in the courts. I would like to know what the issue was that the courts adjudicated upon. If you are going to tell me Hydro was successful, that does not mean anything unless I know what the issue was. I want to know what it cost Hydro in terms of breach of that commitment to purchase fuel for that oil-fired plant on a long-term basis.

Hon. Mr. Kerrio: Let me ask you a quick question. Do you want us to go into depth on this or do you want to put this question to Hydro? I am easy on that one. I do not have any problem if you want to go back to it.

Mr. Taylor: I thought maybe you would have a quick answer for some of these things.

Hon. Mr. Kerrio: No. I am only going to give you quick answers when I know absolutely where I am coming from. I knew where I was coming from with your friend.

Mr. Taylor: My comment was in regard to alternative sources of energy and the new direction Ontario Hydro is going in. That was presumably not tying itself in a 100 per cent way

with nuclear energy. That is why I asked the question about the brand-new plan that Hydro has. Ontario financially has bonds worth billions involved in that. It is fairly fresh money.

What is your sense of utilizing that as an alternative source? That is the perception that has been fed out through the Liberal Party to the media in my riding. Are you generating optimism among the people who are looking for more job opportunities? Is the Liberal Party trying to indicate that it has some influence over you that is going to reopen this plant, or is this more optics or smoke and mirrors? Is this more of the type of thing we read about which keeps people talking and forming some semblance of hope.

16:40

Hon. Mr. Kerrio: I do not think we are putting anything forward that is optics or in any other form that we are not going to pursue in the way of providing the kind of initiative I described earlier on.

Mr. Taylor: So, from a policy point of view, you are not going to direct or persuade Ontario Hydro to utilize the Lennox generating station and Wesleyville in any way, apart from probably using Lennox as a switching station or—

Hon. Mr. Kerrio: We have talked with Hydro about many of these issues. We have talked with Hydro about firing plants up with natural gas. We have looked at many alternatives. Sometimes we wait for them to respond to these kinds of questions, which they did on Lennox. The fact of the matter is we are looking at every alternative. Some of them are valid; some of them are not. I do not think we have come to any hard decision on whether they will ever come back on stream.

Mr. MacOdrum: This winter, Ontario Hydro faced supply problems in eastern Ontario and looked at the alternatives of purchasing some capacity from Hydro-Québec or starting up the Lennox plant. In their discussions as to the price at which the energy would be available from Hydro-Québec, as compared to the price of starting up Lennox, the transaction with Hydro-Québec was more economical. It is related to their peak problems with respect to eastern Ontario and making sure the eastern Ontario load is met. The assessment of the economics was for meeting peak load this winter.

Hon. Mr. Kerrio: Is transmission a problem there too?

Mr. MacOdrum: That is right.

Hon. Mr. Kerrio: Is that the major problem?

Mr. MacOdrum: Transmission and transformer capacity. On the economics, Hydro-Québec was prepared to offer a contract that was tied to the coal price, and at that price you cannot compete with an oil-fired generating station.

Mr. Charlton: I am not positive, but I think Mr. MacOdrum just clarified what I was going to raise. I think you are now saying Hydro has no plans at this point to reopen Lennox. That was the information I got from Hydro a few weeks ago. That is why I am asking the question.

Mr. MacOdrum: They do not plan to utilize Lennox this winter.

Mr. Taylor: It is a little late now.

Mr. MacOdrum: My comment is guarded because they have not had discussions with Hydro-Québec with respect to the purchase of capacity for next winter. If they had to look at that again because of their situation, clearly they would make the economic comparison again.

Mr. Charlton: I think it would be useful if we had a full discussion about Lennox and Wesleyville when we have Hydro here, because I know that during their presentations to the select committee they did make a comment about a number of possibilities they were pursuing.

Mr. MacOdrum: Just so the record is clear, there is no plant at Wesleyville. There is a partially completed stack and a warehouse that is used for some of the material that is being used for the construction at Darlington. There is not a generating plant at Wesleyville which is in any sense operable today.

Mr. Chairman: Mr. Pierce, specifically on this topic; we are trying to allow the minister to respond to the critics.

Mr. Pierce: I have a short supplementary on the comments by the minister. Is oil-fired generation still more expensive than coal-fired?

Hon. Mr. Kerrio: I would think it would be right now.

Mr. Pierce: Your comment was that you cannot compare oil and coal as opposed to hydraulic.

Hon. Mr. Kerrio: Before you get into that, there is another question that should be answered. We were even bringing in western coal. Over the years, we have made it a point that wherever we can do business with some of our sister provinces we will do that. We are bringing in some coal from out there.

To get strictly down to price, sometimes those contracts make a difference. I guess you do not boil it right down to the dollars and cents—there is

also availability and all those other things—but with the prices as they are now, I would think coal would be cheaper.

Mr. MacOdrum: On a comparison between the Lennox plant and the Lambton or Nanticoke plants, which have similar-sized units, coal from the United States would be more economic. Coal prices followed the oil price down, and therefore it would be less costly.

The additional factor you have to take into account with Lennox is the startup cost. The plant is in a mothballed state and there would be a significant cost in time to take it out of the mothballed state and have it capable of operation.

They would also have to put in place the unit train operation they had to supply that facility; it has not been used for some time. Also, they would have to acquire the oil, since they have disposed of their oil; there is no oil there now.

Hon. Mr. Kerrio: That was one of your concerns. I do not know how they disposed of it or what kind of price they got.

Mr. Taylor: I was just wondering what the loss was.

Mr. Charlton: By way of information, although I cannot remember the numbers, Ontario Hydro gave some testimony at the select committee on essentially what the price of oil would have to fall to before it became economic to operate Lennox. I cannot remember what the numbers were, but we could look up that information.

Hon. Mr. Kerrio: You were asking a question about nuclear waste and the division of provincial and federal responsibility. Many of us have made the trip to Pinawa and to the areas in northwestern Ontario where we were going to drill into the plutons and examine the depositing of nuclear waste there. It seems the government decided in 1978 that it would fund Atomic Energy of Canada Ltd. to develop the whole process of assessment and depositing.

It appears that what we are doing, putting it in the swimming pools in the interim, is accepted practice. As I said in some of the comments I made the other day, until you get the kind of mass of material that would require you to go into the whole business of the disposal, it is quite acceptable to keep it where it is.

Mr. Taylor: But surely there is a limit to that. You would have to build another swimming pool, because you would run out of space. With the short term becoming the intermediate term

and eventually the long term, that is not a satisfactory solution.

In my question, I was seeking some manifestation of the respective roles and responsibilities of the federal and provincial governments and any decision in terms of an ultimate solution to the handling of spent fuel. All you are saying now is that it is great and completely acceptable to keep it in swimming pools. But that is where it has been kept since the first plant, Pickering, opened. When they run out of space, they build another plant and build a bigger pool, and it goes on.

What I am saying when I raise the question of the deterioration of the shield and the casings is that ultimately you are going to have a problem and you are going to have some pretty sloppy stuff there to handle.

Hon. Mr. Kerrio: Brian Finlay is here and he can fill you in on the details, but let me respond with sort of an overview.

The fact of the matter is that you were somewhat involved in this. Going back to 1977, the minister of the day, Mr. Taylor, wrote to the federal minister, Mr. Gillespie, indicating it was premature to be looking for a site for waste management until a method of disposal had been investigated.

They must have taken that into account when they decided through Mr. Baetz, the next minister, that they would initiate the nuclear fuel waste management program. In conjunction with that initiative, taken by you and the next minister, I would think the amount of spent fuel that would flow would be part of the whole process and program ultimately to reach a decision of putting the waste away.

16:50

Mr. Taylor: I appreciate that memorandum, but let me explain that the sense of that is probably not the sense that you have. Ontario Hydro was running ahead of government policy as AECL was running ahead of federal government policy. Hydro and AECL were poking around Mount Moriah near Marmora. There was a public outcry in that area as to what they were doing. The word was out that they were exploring for a nuclear disposal site.

My response was that no matter how good the site might be, it would not be a satisfactory site when they had poisoned the mind of the public by proceeding in secret. Also, they were premature in that the crown corporation, Ontario Hydro, was setting the policy for the government in advance of the government even considering and setting that policy.

That is what prompted a release I put out in terms of the cancellation of that site, which had nothing to do with pursuing the need for a proper disposal system and site and a clear understanding in terms of what your responsibilities are, as the Minister of Energy, and those of Ontario Hydro, the federal government and AECL.

The reason I go into this—and I am cutting it short here and not giving you the detail—is that a decade later, names turn up as having a different connotation. It just so happens I have lived long enough to personally clarify it.

Hon. Mr. Kerrio: I was not attempting to put any connotation on your remarks. I am suggesting that you and Mr. Baetz and now myself are involved in this whole business.

The most important question you have put forward is to ask why we are not moving faster because we are getting all this material in the pools. What I am suggesting is that going forward with the initiatives at Pinawa to see how it should be encapsulated and at the same time examining the plutons where it might be disposed are being done in conjunction with a reasonable time frame of completion when they are going to be needed. If you want to direct some questions—

Mr. Taylor: The chairman may want to ensure that you have adequate time to cover the initial questions. Since Ontario Hydro is coming in on Wednesday, it may be more appropriate to tackle it at that time. I do not know what Mr. MacOdrum thinks.

Mr. MacOdrum: We have Dr. Brian Finlay, who is the ministry's nuclear policy adviser. He has been involved in these matters for some years and can provide you with any details.

Mr. Chairman: It depends on how much information the critics want. Do you want to pursue it further, Mr. Taylor, or do you want to leave it?

Mr. Taylor: I was trying to ascertain whether there was any policy, to start off with, and whether there was a typical solution in terms of the storage—whether it was encased in glass or whatever the current state of the art is in regard to the technology.

Second, I was interested in the political solution in terms of the site disposal and the role of the province and the federal government in that. If you can respond to that fairly quickly, I would like an answer. If you cannot, then okay.

Mr. MacOdrum: Perhaps I could respond very briefly and then Dr. Finlay may have a comment. The program that is under way now was initiated in 1977-78; it was to develop a

concept for the safe disposal before any site-specific activities would take place. That is what is being done at Pinawa and that is the work AECL has; it is to develop the concept for the safe storage of waste.

That process is moving into a new stage of public analysis and debate. Dr. Finlay can give you an up-to-the-minute comment on where that is. We are at what is called the concept assessment stage. We are not yet at the site-specific stage in terms of the nuclear fuel waste management program, which is a joint program between the governments of Ontario and Canada, Atomic Energy of Canada Ltd. and Ontario Hydro.

Mr. Chairman: Do you wish to pursue this, Mr. Taylor?

Mr. Taylor: If Mr. Charlton is agreeable.

Dr. Finlay: The program is in the concept evaluation stage. AECL will have accumulated its information by about the end of 1988 and will formally put it forward for review by regulatory organizations, such as the Atomic Energy Control Board, at both the federal and provincial levels. There will be some review in public of the information from Ontario Hydro.

The basic aim of the program in its present phase is to look at what is a very difficult question, which is to predict what will happen many years into the future when a decision is eventually taken to bury or dispose of nuclear waste.

One of the things members might be interested in is that the nuclear industry is basically making the first real attempt anybody has ever made to determine what disposal really means. If you look at the disposal of other materials, no organization has ever put such effort and care into trying to determine what will happen to things in the future after they have been disposed of.

It is a fairly innovative program that AECL is about. It has always been recognized as being well worth a very public review of the results.

Mr. Taylor: Is it innovative from a political and public relations sense or in a technical and scientific sense?

Dr. Finlay: It is a little bit of both. It started off as being innovative in a technical sense, but if you look at what has happened to the program in the northern United States, where the Department of Energy is attempting to establish a site, they do not have the technical basis on which they can approach communities and say: "This is what we have in mind. These are our best

estimates and this is what will happen when material is buried here." They have run into a problem by trying to do too many things in parallel.

In Canada, it seems to me, we are being very farsighted. Perhaps that is going a little too far. But right from the very beginning of the program, it was decided to separate the evaluation of the process from the establishment of a site. That has been a very wise decision.

Mr. Taylor: I appreciate that and the need for that. That might vindicate some of the concerns I had a decade ago about Mount Moriah, which we were talking about a moment ago.

Surely the state of the art in terms of technology—if I can put it in the vernacular, the gift wrapping of this spent fuel—must have reached the point now where you feel it is a safe way to package it. Presumably, there would be another step in terms of the storage—storage versus disposal. There are other jurisdictions where there is disposal in the sea, for example.

Dr. Finlay: Not of high-level waste. There are very small amounts of what you call low-level waste that the United Kingdom, for instance, disposes in the sea. Very minor amounts of radioactivity are involved.

Mr. Taylor: I have discussed with them the problems they had some years ago at Windscale and the method they used to package those wastes, the depth of the sea and all the factors that go into what they perceived as an ideal environment for the disposal of this. What I am putting to you is whether there is general agreement within the scientific community as to a safe way of packaging spent fuel.

17:00

Dr. Finlay: With regard to the sort of combination of the packaging and the disposal method, I think a number of avenues are being researched by different jurisdictions.

Mr. Taylor: It is still going on.

Dr. Finlay: It is still going on. Yes.

Mr. Taylor: So you have not drawn any conclusions.

Dr. Finlay: The technology itself, if you look at technology in terms of whether you can drill a mine in hard rock, that kind of technology is well established. If you look at the technology of how to find a suitable site, that is beginning to come along quite nicely now. If you look at all the other technologies for handling radioactive material, those are well established.

The thing that is taking some effort is to do the prediction of what will happen in the future.

Even from a sort of philosophical point of view, it is very difficult to persuade people that something will not happen. It is much easier to persuade people that things will happen. The determination of whether something will not happen—in other words, if you bury the material, it will not come back and cause problems later—requires a lot of research and a lot of thought. Basically, the whole of that problem area comes down to determining through a computer program, allowing the computer in a sense to take you through time, through perhaps 10,000 or 20,000 years and determine—

Mr. Taylor: We will have another Ice Age before that.

Dr. Finlay: That is possible and that is one of the considerations that is part of the computer program.

Interjection.

Dr. Finlay: Supposing you politicians decided that the material is so dangerous it had to be buried, I have no doubt the engineers could come forward with a plan and a facility that with today's knowledge would stand a very good chance of being approved and going ahead with it.

Mr. Taylor: Okay. That is what I wanted to know. There is fundamentally a political problem.

Dr. Finlay: This information basically has been put out by Atomic Energy of Canada Ltd. in two progress reports, I think you could say. One was put out in 1981 and one was put out last year. The latter is known as the Interim Concept Assessment Documents, part II, and gave the information that had been developed up to 1985 by AECL and its contractors. There were a lot of people involved. If you read that fairly closely, there may be some areas that need more research, but in general it looks pretty good.

To look at the problem in perspective, there is not really what you might call a pressing need to do something with the material at this time. The general consensus all over the world seems to be that one should basically take a very studied approach to disposal and one should take whatever amount of time is required to really convince people that it can be done safely.

Mr. Taylor: I gather it is a political problem that you have, Minister. Could you then go on to what your commitment is as a government in the process, financially and in a technical sense?

Hon. Mr. Kerrio: In regard to this whole undertaking.

Mr. Taylor: Yes.

Hon. Mr. Kerrio: I do not think I can add much to that, except that we are a party to it. We are taking into account the rate the spent fuel is accumulating at, and we do take the time to make certain it is an absolutely safe, as safe as man can make it, process.

Mr. Taylor: Do you have a dollar commitment?

Hon. Mr. Kerrio: No, I do not.

Mr. Taylor: Is there a commitment in terms of technology or personnel with the federal people such as AECL?

Hon. Mr. Kerrio: Only in the agreement that has been struck by the four parties. We have played a role in that.

Dr. Finlay: It is the 1978 agreement. Basically, the federal government undertook to do the disposal side of the joint program. Ontario Hydro was looking after the development of any concepts that were necessary for interim storage and for transportation. Those are the kinds of things they have to do anyway in order to maintain their licence at the stations. They have to assure the Atomic Energy Control Board that they can store their material safely.

The federal government undertook to fund the development of the disposal process. I guess that is aimed to be completed in 1990.

Mr. Taylor: You do not have any role, Minister. It is Hydro's role in terms of the production of the spent fuel and the transportation and interim storage of the spent fuel in swimming pools, and the rest is up to the federal government. You ministry really does not have any role in this.

Hon. Mr. Kerrio: I think more and more we are playing a role when we get into the understanding of where we are going. Ultimately, we are going to be faced with the responsibility of answering to the public as to where the site is chosen. That is going to be probably the most important role. That has to be an undertaking in the process. It is like that waste site down in the peninsula now. After going through \$30 million worth of investigation, it appears that we are merely at square one. The difficult task is going to be the final stage: making a decision on where the deposit is.

Mr. Taylor: It is what you call "political will," Minister. Decisions surely have to be made. Many years ago we were hearing of the amount of liquid industrial waste that was being thrown in the ditches and illegally spread around Ontario; how dire a need it was. We formed a

corporation and got Dr. Chant, the founder of Pollution Probe, to head it. There were all kinds of world travels to find the perfect system; then the multimillion-dollar adventure of defining the perfect site or the near-perfect site, and here we do not have the political will. In the meantime, presumably the industrial waste is still being slopped around Ontario.

If that is your parallel, then I am saying there comes a time when a decision has to be made and you are going to have to suffer the political consequences. It is political courage.

Hon. Mr. Kerrio: Yes. I am not suggesting that is our parallel in this other instance. I am drawing to your attention that this is what transpired over that little process. Ultimately, it takes the political will to make a decision as to what the process is going to be. I suppose in a sense what you might be saying is, there should not be any appeal coming from your—

Mr. Taylor: I am not saying that. There comes a time when talk has to be translated into action because of the sheer need for a safe disposal method. The Ministry of the Environment has the same problem in terms of polychlorinated biphenyls. It is okay to identify them and to juggle them, but it is another thing to dispose of them.

Hon. Mr. Kerrio: I suppose the only time you can criticize me is when that time comes and I am not willing to make the decision, which is precisely what this government is prepared to do.

Mr. Taylor: It is a question of definition of that moment in history, I suppose, when one might say the time has come.

Hon. Mr. Kerrio: Right.

Mr. Taylor: Being a man of action, I would have thought you would want to be crystal clear in terms of your time frame.

Hon. Mr. Kerrio: Yes. Crystal clear is not a term we use in this business. Where did you dredge that one up?

Mr. Taylor: Crystal gazing also.

Mr. Chairman: Mr. Charlton, you can jump in here.

Mr. Charlton: Very briefly, a couple of things Mr. Taylor said prompt a couple of recollections in my head. It is clear from the answers we have got that Ontario, Ontario Hydro, the federal government and Atomic Energy of Canada Ltd. are all still headed down the deep storage, deep disposal route, at least at the present time. However, as we all know it is going to be—and I think you have clearly set it

out—a public relations problem as well as a scientific problem in terms of selling the safety of that storage or disposal to the people in the community or communities that are going to be affected.

17:10

Mr. Taylor asked the question about whether the scientific community was in agreement on an approach to disposal. It is interesting that they are not. We had one group of presenters before the select committee last fall—I cannot remember the name of the group offhand; they were either nuclear scientists or nuclear engineers—essentially taking the position that we should not be disposing of the spent fuel at all, that it should be reprocessed and reused and reprocessed and reused until it disappeared and essentially you end up with virtually no waste problem at all. Of course, you have a lot of movement of fuel around in the interim stages as you reprocess it and so forth.

Are there any real lobbies going on around reprocessing and reuse versus disposal or storage? If there are, how strong are they and how seriously are they being considered?

Dr. Finlay: You are saying about reprocessing that you eventually finish it with no waste. What you do finish up with in reprocessing is concentrated waste; in other words, you separate the highly radioactive fission products off to one side and they then become the waste rather than the fuel. They do not have as long a life as plutonium, for instance, but nevertheless there is still waste left.

Places that do reprocessing, such as the United Kingdom and France, would foresee probably having to dispose of those wastes at some point, although they may leave them for 50 years to decay away and make the problem a little easier to handle.

As to whether there is any lobby on reprocessing in Canada, the indication I have is no. In fact, the small amount of work that was done once upon a time at Atomic Energy of Canada Ltd., around the late 1970s or early 1980s, has been concluded. They looked at a possible flow sheet for reprocessing, but I do not think there is any push at the moment trying to lobby on reprocessing in Canada.

There is really no economic incentive at the moment. The incentive to process Canadian fuel is much less, for instance, than the economic incentive to process the light water reactor fuel, which has about five times worth the recoverable material in it. We start off with no enrichment in our fuel and we just burn up whatever is there

naturally, whereas the light water reactors actually enrich the fuel and we have more to recover. The economic incentive perhaps might be only one fifth for Canadian fuel.

Mr. Charlton: I guess the one extension of my question then is that if, as we move down the road of disposal or storage, we run into a political public brick wall—i.e., you cannot sell the idea to a community, to the province in general or to the country in general—what kinds of pressures will be felt at that point about the question of reprocessing?

Dr. Finlay: I do not think the two are related really, because if you reprocess, you still have a waste to dispose of, so reprocessing would not take away society's eventual pressure to know what to do with the radioactive waste.

Mr. Charlton: What reprocessing can do is deal with the problem of the pools eventually becoming full, if you have got a cycle of movement.

Dr. Finlay: There is probably a much easier choice than going into reprocessing. If people do not like the idea of storing the material under water for prolonged periods, then you can go to dry storage. Quite a lot of work is done on dry storage. We are not talking about great amounts of material. We are not talking about the same kinds of volumes of waste that you get from coal stations and those kinds of things.

Mr. Charlton: No. I understand that. We went all through that with Hydro.

Dr. Finlay: They are handleable and the cost of storage is included in the cost of electricity today. Storage is not a major problem in a physical sense.

Mr. Charlton: To be frank, I am kind of surprised to hear you say there is no lobby going on. The group that was here was quite adamant that talking about disposal or storage was a waste of time and money and that you should not be doing that; that it should be reprocessed and reused. I am glad to hear it, but I am rather surprised to hear it.

Dr. Finlay: I think there is a point of view that says perhaps you should not dispose of the fuel now because it may be valuable in the future, but that is not the same. You asked "Is there a lobby?" and I do not see any signs of it at all.

Mr. Charlton: The lobby would obviously have to be active now. The point is, once you go to the expenditure of building huge, deep underground storage tombs and dissolving the containers and all the rest of the process that you are going to have to go through, and to haul it all

the way down to those deep storage things which have cost you an arm and a leg and two fortunes to build, the economics of reprocessing would be right out the window at that point, because of the overall costs involved in that you have spent. If there is any effective time for lobbying for keeping the fuel handy for future reprocessing, it has got to be before you spend a lot of money on storage. It would have to be happening now. This is what I am saying. If it is not, I am glad to hear that.

Dr. Finlay: I am sure you are correct in saying you would not want to spend a lot of money disposing of something if it became valuable in the future; but I think the kind of time scale you are talking about there is perhaps another 25 or 50 years from now, and the future is really not very clear to any of us as to where the major source of power will be in 50 years. Will it still be oil? Will it still be gas? Will fission be going? Will fusion be going? I do not know. The thought that you might wish to keep your options open is perhaps the way to look at it, rather than a great lobby from any part of society or from the industry to get into reprocessing.

Looking at your options, disposal of fuel might make not make the option different one way or the other. You would have spent money to produce your facility and that does not really mean that if you wanted to reprocess rather than dispose first of all, that you could not do that.

Mr. Charlton: You know that opens up a whole other public and political argument around the question of reprocessing. If you have won the one it is not likely you are going to want to through the other.

Mr. Chairman: Did you have a question?

Mr. Pierce: With respect to the program and the involvement by Ontario Hydro and the Ministry of Energy, I know there were some cutbacks by the federal government with Atomic Energy of Canada in respect to what it was doing in researching storage, and my question to the minister is: how much financial involvement is committed by the Ministry of Energy and Ontario Hydro to the research program?

Hon. Mr. Kerrio: That poses a very interesting question. It seems that in the last while, everywhere we turn, the federal government is backing off from initiatives that were taken in environment, natural resources and energy, and we are expected to pick up the slack. What we are doing now is negotiating, in a sense, to see just where we stand in that whole process, because

this is the place where the ministry would be involved as well as Ontario Hydro.

I do not have any numbers right now, because it is actually being negotiated. However, it is a real disappointment, because if we look back historically, Ontario took the initiative in the whole business of nuclear reactors and now it would appear that this was at the initiative of the federal government, because AECL and the federal government decided they would head up the whole nuclear initiative and that the provinces, to some degree, would participate. It appears as though Ontario made the most commitment to that particular form of energy and now the federal government is looking to us to continue the kind of research necessary.

Some of the things that are happening—I think even to the degree that we required those research facilities when we had the problems with the tubes; we packaged them up and shipped them down to the Deep River area to have them examined—would indicate that if we are going to continue to keep abreast of events we need a research commitment.

What I am really saying is that you are right, there has been a backing off by the federal government, and we are going to have to decide just how much of that we can pick up.

17:20

Mr. Pierce: In fairness, my understanding is that the federal government has said to AECL: "We have funded you to this point; now you have a program to sell. Your major purchaser of this program should be Ontario, because it is the one that is going to benefit the most from the storage of nuclear waste, and its financial commitment should be much greater than it has been in the past."

At the same time, AECL has been instructed to look for customers for a program it has developed for the safe handling and storage of nuclear waste. AECL has gone out and sold some of its projects abroad and in fact has brought US money into the Pinawa project at Lac du Bonnet to further develop the shaft and the drilling of the drifts.

Ontario definitely has a bigger role to play in what is going on in the theatre that is held by AECL. When it comes down to the actual dollars and cents, in a comparison of the amount of money that the federal government is spending with the money the Ontario government is spending, that is a figure to be reckoned with. I am not here to defend the federal government; I am here to promote the—

Hon. Mr. Kerrio: Why? I thought you were going to say you are all one.

Mr. Pierce: I am going to try to stay away from the politics of who is where and what they are doing. But in fairness to the program that is out there crying for development, the question again is how much money is the Ontario government prepared to put into the research and development work.

Hon. Mr. Kerrio: We are prepared to put money in, but I am not prepared at this time to say what it is. What I am suggesting to you—

Mr. Pierce: We are here on estimates, and it is a pretty simple question: how much money is going into this project?

Hon. Mr. Kerrio: It is not a simple question if you are negotiating.

Mr. Pierce: But it is a question of what your estimates are for the coming year and how much money you are prepared to spend.

Hon. Mr. Kerrio: I do not think I can say that here. Estimates are for what has gone on. When I sat in your boots, I would have liked to have been able to talk about what we were going to spend in the future, but it did not happen.

What I am saying is that we are negotiating now where we are going, and there is no money figure committed. We certainly do not want to see the federal government getting out of it. We were pretty happy with the way it was.

Mr. Taylor: When you say “we,” are you are talking about Ontario Hydro or are you talking about your ministry?

Hon. Mr. Kerrio: When I say “we,” I say it very advisedly. I am talking about Ontario—

Mr. Taylor: You say it very confusingly.

Hon. Mr. Kerrio: No, it is not confusing at all.

Mr. Taylor: Ontario Hydro has hundreds of research projects, as you very well know. You mentioned tubing, and it developed the mini television camera to run through tubes. Ontario Hydro has developed all kinds of technology. But when you use the royal “we,” I want to know in a financial sense whether you are talking about Ontario Hydro’s financial commitment or about the Ministry of Energy’s financial commitment.

Hon. Mr. Kerrio: I am not talking about any financial commitment.

Mr. Taylor: All right. There is not any financial commitment. You are talking about the federal government backing away from—

Hon. Mr. Kerrio: It would be like General Motors wanting to get out of the automobile

business and saying its customers have to make their own spare parts.

Mr. Taylor: They are not saying that.

Hon. Mr. Kerrio: It is a great analogy.

Mr. Taylor: If they have redundancy and are tired of putting out the same news releases, then they shut off the tap. Maybe that is a good thing. I do not blame the federal government for that. What you are saying is that you do not have a nickel in your budget for that kind of thing.

Hon. Mr. Kerrio: No, I did not say that at all.

Mr. Taylor: Okay then, how much have you got in it? That is what Mr. Pierce wants to know.

Hon. Mr. Kerrio: I do not know. I would have to go to Management Board when we make a decision on—

Mr. Taylor: How much do you have in your estimates for that?

Hon. Mr. Kerrio: They are not complete.

Mr. Taylor: That is what I am trying to get out of you.

Hon. Mr. Kerrio: I already said it 14 times.

Mr. Taylor: I said you had nothing in there and you contradicted me.

Hon. Mr. Kerrio: No, I did not. I said we are negotiating—

Mr. Pierce: Do you have any money in the project that is going on at Pinawa?

Hon. Mr. Kerrio: I would say through the process—I had better be careful; I cannot say “we” any more—

Mr. Pierce: I am asking you a question. Do you have any money in it?

Hon. Mr. Kerrio: Ontario Hydro has money in it.

Mr. Pierce: This year?

Hon. Mr. Kerrio: It is still ongoing. The negotiations are taking place about where we are going in the future, getting out of the research—

Mr. Pierce: I am not talking about the negotiations. I am talking about the amount of money. When AECL sets up its program to run a year in advance, conceivably it knows where its money is coming from. Is there any money coming from Ontario?

Hon. Mr. Kerrio: If you are talking about the research that the federal government is attempting to back out of and asking us to pick up the slack there, we are negotiating about that right now.

Mr. Pierce: I am talking about the ongoing program of AECL at Pinawa in Lac du Bonnet. Is there any money from Ontario involved in it?

Hon. Mr. Kerrio: I was confused in the sense that Ontario is negotiating with the federal government right now about backing off from support of research facilities here. I think they had \$200 million and they are cutting it to \$100 million.

Mr. Pierce: Facilities here? Where?

Mr. MacOdrum: Research and development facilities.

Hon. Mr. Kerrio: They are taking \$100 million out and we are going to be faced with the problem of how much we can continue. I do not think any decision has been made about where we are on the backing up of that research. We are negotiating right now about where we are going.

Mr. Allan: If I could interject, Mr. Taylor asked the question about the legitimate core function that you need for the future. Maybe you can shed some people and still keep a legitimate research and development program. We have spent a lot of time looking at essentially that question.

Mr. Pierce: Maybe I am asking the questions all wrong. I am just trying to find out how much money from the Ontario taxpayers or from the Ontario energy users, through Ontario Hydro, is out there.

AECL has embarked on a program to try to determine the safest way of handling and disposing of nuclear waste, whether it is by storage or by containment. Is there any money from the Ontario taxpayers or Ontario energy users in that program?

Mr. MacOdrum: We take the position with the government of Canada that there are substantial funds from taxpayers in Ontario in that program, which is funded by the government of Canada, but not through Ontario. Our citizens, who will benefit from it, pay federal taxes.

Mr. Chairman: Mr. Pierce, would you like to put this question as notice, that you would like an answer before these estimates are over?

Mr. Pierce: Yes.

Mr. Chairman: I do not think you are going to get it today.

Mr. Pierce: I do not think I am going to get it before the estimates are over either.

Hon. Mr. Kerrio: You might be right.

Mr. Pierce: My involvement with AECL is such that I am told it has a program that is available for sale. To continue its program, because of federal government cutbacks, it has to sell that program to Ontario Hydro, the Ministry of Energy, the state of Minnesota, the US

government or whatever other countries want to share in the research, and they in turn have to contribute some money to the continuation of the research program.

All I am asking is how much money—and I am not saying through my federal taxes being contributed to Ottawa or that five cents out of every dollar I spend that is going to AECL—goes directly out of the Treasury of Ontario, either by the taxpayers or by the energy users in this province, towards that program.

Hon. Mr. Kerrio: Let us split the two. There is energy research that is being conducted by the federal government, and there is the disposition of waste. They are two different programs.

The federal government has decided it is going to cut its budget in half on the one side. That is why I was a little confused. I thought that was what you were talking about. There is a major move on the part of the federal government to get out of the research side. We are examining now, as my deputy has said, whether we can bring that into focus by reducing it in cost and in numbers and how much we can put into that.

On the other side, I do not have a feeling about what we are doing there. Do you have any numbers, Mr. MacOdrum?

Mr. MacOdrum: The Ontario government does not fund the nuclear fuel waste management program. Ontario Hydro, I am just informed, does provide some contract services to the program in the order of \$500,000. As part of the memorandum of agreement, which was signed back in 1977 or 1978, Ontario Hydro has the responsibility for developing the concepts for interim storage and transportation of the waste, and it has some expenditure related to that part of the nuclear fuel waste management program. They are spending money on interim storage and transportation, and they have made some specialized contract services available to the nuclear fuel waste management program.

17:30

Mr. Pierce: Is that the only partnership role that Ontario plays with AECL in the development of the safe storage of nuclear waste?

Mr. MacOdrum: That is the only financial participation. There is a steering committee that reviews the program periodically and gives advice regarding the terms of reference for future activities such as the future approvals process. That committee has representatives of the four participants to the memorandum of agreement—the federal Department of Energy, Mines and Resources, the Ontario Ministry of Energy,

AECL and Ontario Hydro—so we do participate in the decision-making and consultative process regarding the nuclear fuel waste management program. It is chaired by the government of Canada but Ontario participates on it.

Hon. Mr. Kerrio: You use the phrase “only,” but the fact of the matter is that when you look back at the whole concept of nuclear, the initiative was taken by the federal government and we in a sense were not a party to being involved on that side of it.

Mr. Pierce: But we became involved by being the owners of the plants that are fabricating the—

Hon. Mr. Kerrio: Yes, and now we have to play a role in the research and the disposition.

Mr. Chairman: Does that complete your supplementary?

Mr. Pierce: I rest my question. I will come back another time with a different approach.

Mr. Chairman: The committee thanks you.

Hon. Mr. Kerrio: One of the questions the official opposition critic raised was about the support of the ministry to consumers or home owners to improve energy efficiency. I do not know if that incorporates whether any money changed hands or whatever; the critic talked about the Canadian home insulation program and some of those things, which were federal initiatives.

There are four or five areas of other involvement with the provincial government, and many of them are very worth while because considerable savings can be made in most homes at a very low cost in terms of the initial involvement of draftproofing and the efficiency of the home.

I have a list of the consumer information we provide under the consumer residential program. There are publications and how-to pamphlets, HeatSave advisory clinics and thermography, participation in home shows and local events, mailing and advertising of publications, films and that kind of involvement.

The HeatSave clinics have been very successful. We had one in my own town, which I attended, and we have had them in 10 northern centres—it is even more imperative that we do everything we can in those areas—as well as in Toronto, Kingston and St. Catharines.

Mr. Taylor: Are these geared to industry?

Hon. Mr. Kerrio: No; homes.

We take that a step further and support the training of sales staff in hardware stores so they can be more able to share with people who come in and ask, “What is the first thing I can do to save heat in my home?” Those are the kinds of things

we can do right there with the people who sell that equipment. We have had a lot of people involved in that. We have had more than 100 workshops at the hardware and building supply staff level.

The one thing I am in the process of doing that is not satisfactory to me and is moving slowly, as things are sometimes described, is an initiative with the Ministry of Housing. While we look at the R-2000 home as being the ultimate goal, that is quite costly. For a home of 2,000 square feet, we are talking about \$7,000 or \$8,000. Before we get there, and when we do make some impact on the code, there could be considerable savings with much less of an involvement; and we are looking at that very thing.

As I have responded to the R-2000, saying that is the ultimate goal, we are doing a lot of things at a level that people can afford and it is going over well. I have had a lot of good comments about that.

Mr. Taylor: Some years ago, I called your ministry as a consumer requesting information about acceptable types of insulation, that is, the cellulose-treated insulation, which is more appropriate to blow in for certain areas and certain older houses where there are not standard distances between rafters and joists and that type of thing, and the fibreglass, the pink batts type of insulation.

I called as a consumer, and there might even have been somebody in the ministry that might have known who that consumer was, because I had some dealings with the ministry in another sense at one time—I was going to say incarnation, but that is not so.

What I got was a reference to another phone number. I could not get any help. They referred me to somebody in the west end of Toronto. The west end of Toronto referred me to Ottawa, and I finally got the answer from Ottawa. I ponder at that type of public office and wonder whether your ministry is that helpful to others. I am sure, as a new government, you do not have that kind of problem any more. You talk about the old government being in for 42 years.

Hon. Mr. Kerrio: That is nice, is it not?

Mr. Taylor: Yes, but almost at the same time as you are bragging about these programs such as thermography, the spy-in-the-sky stuff and infrared photography that you conduct, and on the ground clinics and so on, all of that, your programs are just a continuation from the old days when we had that so-called tired Tory government. I am looking for a bold, new initiative that the new Liberal alliance has

advanced to capture the imagination of the Ontario public and steer us into the 21st century. I am looking for that kind of thing. I remind you of my one personal experience with the ministry in terms of consumer information.

Hon. Mr. Kerrio: I would be happy to check that.

Mr. Taylor: It is old now.

Hon. Mr. Kerrio: No, it is not. You just asked whether that is the current way.

Mr. Allan: There are two things. It is quite clear that I have no idea with whom you dealt, or whether you got fobbed off with another phone number. Give me a date and I will find out. Probably those people are not with the ministry any more. We have to be careful when we give direct advice to a taxpayer. We just put pink on something and somebody says, "Hey, you are promoting fibreglass."

Mr. Taylor: I understand all that, but you tout that you are providing consumer information. When a person has objective questions and is seeking a practical solution for his particular problem and responding to the encouragement that your ministry gives through this mass of new releases, publications, booklets and everything else that generates new job opportunities and creates the biggest growth industry in the country, which is government, one expects to get some help out of all that.

Mr. Allan: You want to get it for nothing. Others say: "Do not build up too much of this expertise, I am making my bloody living in the private sector, on exactly that. What are you guys doing? Are you building up an empire to give free advice?" There has to be a balance here between us having everybody on board as the ultimate consumer reference source and 50 or 60 little businesses that are trying to struggle to earn a living in that town, or somewhere near that town, making some money out of you.

Mr. Taylor: Just a minute. What you are doing is inviting the public, and this was a—

Mr. Allan: I can give you a list of about 50 guys to go to and some general advice, but I cannot tell you that you have 14-inch rafters and this is the best solution for you, because I am doing somebody else out of business.

Mr. Taylor: I would not know whether cellulose insulation compacts. I am not talking about where to go. I do not know whether it compacts, what the period of compaction is, how it is treated in terms of fire-proofing, deterioration or rodent-proofing. What is magical about

that information? If it was in a bottle, you would read it on the side of the bloody bottle.

When you offer this kind of information as a service one expects to be able to get some response instead of sloughing it off to two phone calls later. I got the information just like that, at the snap of my finger. A smart gal in Ottawa had precisely the answers right off the top of her head to the questions I asked.

17:40

Hon. Mr. Kerrio: How long ago was this? Dr. Higgin maybe has some comments on this.

Dr. Higgin: Mr. Taylor, maybe I can shed some light on that. At the time you phoned, as you would recognize from the phone calls, you did get referred to Ottawa because Ottawa ran a comprehensive national program at very great expense to deliver that particular information. It really did not make sense for the province to duplicate the depth of the service Ottawa was offering at that time.

Like many other services the federal government used to offer, it has now started to withdraw those services. Once again, the province is faced with the question of how to meet the needs of the consumers of Ontario. Our new consumer residential program is moving to provide direct information to consumers through phone-in and a number of other variations. The first step in that has been some very good publications that we have produced.

As you may remember, the federal government had a good publication, still issued, called *Keeping the Heat In*. Everybody knows *Keeping the Heat In*. We have just published the first one of a new series, which will get down to providing that level of information. Within about three months, when the next two or three of those publications are out, you will be able to get a provincial publication which will answer those specific questions. If you are not satisfied with the information publication sent by the inquiries officer, you can phone the technical staff in the ministry.

We have taken steps within the last year to upgrade the quality of our services. The next thing we are doing is to publish a products directory which will be available to consumers, on various types of energy conservation, alternative energy equipment, specifications, performance, costs and those kinds of things on all the common products, with their pros and cons, advantages and so on.

We recognize there is now a need to fill that gap. At that time, though, the federal government was spending a lot of money on that

comprehensive national service and, therefore, we did not feel it appropriate to duplicate it by using taxpayers' money in Ontario.

Mr. Pierce: If the ministry is really serious about conserving energy, I think the Minister of Energy should be encouraging the Treasurer (Mr. Nixon) to remove the Ontario sales tax on insulating materials. If we are really concerned about saving energy, then we should make it that much more advantageous for people to buy those kinds of materials, but we do not.

Hon. Mr. Kerrio: Julian Reed was raising that matter.

Mr. Pierce: We penalize them in buying insulation.

Mr. Taylor: As a Conservative government, we took the bold initiative of eliminating the sales tax on conservation materials.

Hon. Mr. Kerrio: Then you put it back on again.

Mr. Taylor: Then the evolutionary process saw the reinstatement. However, we have not seen you move.

Mr. Pierce: I am sure we can look forward to that in the near future.

Mr. McGuigan: Get Sheila Cops back.

Mr. Pierce: That is right. You have to convince the Treasurer that the only way to go in insulation is by removing the sales tax on insulating materials for energy conservation. There is no use advertising all those nice things if people cannot afford to buy them.

Hon. Mr. Kerrio: You were seeking clarification because of the late show the other night on the Bridlewood area transmission. I think I responded in depth. I guess the member for the area was not too pleased about the answer because it was not the answer he was looking for. But the facts are there and they are very precise and clear as to the whole process.

I cannot read all this into the record. I am trying to give you all the time I can to do this.

Mr. Taylor: Ontario Hydro will be here and possibly that item could be left till they appear.

Hon. Mr. Kerrio: I will just very briefly tell you this. You appreciate the fact that one of the real difficulties with getting a very good, balanced system in Ontario is getting transmission lines. I believe we talked about that regarding some generating capacity at Lennox and other issues that, to some degree, impact more on the ability to transmit electricity than to generate it. We have spent some \$200 million on extra fuel for electricity that is locked in at Bruce.

When we get into this whole process, I am hopeful that we will be able to speed up the process and not slow it down.

Mr. Taylor: With respect, you are regurgitating Ontario Hydro's propaganda. I will not comment on the veracity of those statements that have been put out over the years, but a decade ago we were talking about bottled-in power.

Hon. Mr. Kerrio: That is right; exactly.

Mr. Taylor: You and your party, as critics, attacked the transmission routes, whatever they happened to be. The process was interminable in terms of the public hearings and so on. Now you are again embracing Ontario Hydro; and not only are you apologetic but you claim what they have been claiming in terms of hundreds of millions of dollars lost in locked-in power. It is amazing how the tune changes.

Mr. McGuigan: The judge said the program had not been properly advertised.

Hon. Mr. Kerrio: That is the truth. The tune has not changed at all. While this hearing is going on—

Mr. Taylor: It is a whole different orchestra.

Hon. Mr. Kerrio: No.

Mr. Taylor: The music is the same, but the orchestras have changed.

Mr. Pierce: The guy who is blowing the horn is different; that is all.

Hon. Mr. Kerrio: You could say that. However, everyone is entitled to appear before any board and put in his best argument, and that is what you suggest I did because I was on the other side. No, I did it because that is the process. When there are hearings, one is entitled to put forward what he thinks is in the best interests of the people of Ontario.

I suggest to you that process, if anything, has not in any way deterred people in the Bridlewood area from putting their case forward. What are you trying to tell me? I do not understand what you are talking about.

Mr. Taylor: What I am telling you is that you are concerned about locked-in power.

Hon. Mr. Kerrio: Right.

Mr. Taylor: You mentioned the figure of \$200 million, but you were the instigator of the locked-in power. When you were in opposition you did everything to frustrate Ontario Hydro from discharging what it calls its commitment.

Hon. Mr. Kerrio: We were dealing as critics with a process that you put in place.

Mr. Taylor: Sure, as critics. I am not—

Hon. Mr. Kerrio: How would we deal with it any differently?

Mr. Taylor: What do you mean, how would we deal with it?

Hon. Mr. Kerrio: It was your ship. We only tried to nudge it around a little.

Mr. Charlton: Let us not waste the time of this committee. That is a lot of garbage we are hearing now.

Hon. Mr. Kerrio: That is right.

Mr. Taylor: I do not think you should insult the minister that way.

Mr. Charlton: I am insulting you.

Interjections.

Mr. Charlton: We had Ontario Hydro before this committee last spring. They talked about it taking 15 years to get the transmission lines in place, but Hydro did not make application to the hearing process until 1982. Prior to that, all of the delays were as a result of the Ontario government, the Conservative government, and that is on the record. Now let us get on with the job here.

Mr. Taylor: You were around then opposing hydro routes at the hearing process.

Mr. Charlton: There was not any hearing process in place until 1982.

Mr. Chairman: Minister, have you completed your response?

Hon. Mr. Kerrio: No. I have one question I have not responded to because I got sidetracked. We are talking about Bridlewood specifically. The question was raised by the member from that area, Mr. Sterling, that they did not have proper hearings. The point that was made was that because the people of the area took a look at Hydro's preferred route they then did not bother to make any kind of submission. However, Hydro's preferred route was not necessarily one that would be accepted by the hearing. One cannot make that comment. The hearing went forward in a proper way, everyone who was entitled made submissions to the hearing and a decision was made.

17:50

I do not understand what you are saying. We inherited the whole process, and I do not quarrel with that. You should have every right, as you do in a court of law, to make your position as strongly as you will, and then live by the decision that comes down. That is what happened here. How could anybody turn that around from the way it transpired? I do not understand.

Mr. Taylor: I have a position paper on this that extends to some six pages, not only the

background but also the residents' position, the city of Kanata's position, Ontario Hydro's position and the political implications that there were. As you know, cabinet confirmed the decision and the appeal was—

Hon. Mr. Kerrio: They had some good reason not to—

Mr. Taylor: When I made my comments, I said Mr. Sterling was anxious to comment on this. No doubt he will be in when Ontario Hydro is here on Wednesday. I would think it would be better when he is present—because it is in his riding—to deal with the issue then.

Hon. Mr. Kerrio: Fair enough.

Energy from waste was one of the questions you raised. When we look at that whole process, there are some areas where initiatives have been taken.

Someone raised a question about Chapleau.

Mr. Taylor: It was the chairman who was celebrating that.

Mr. Chairman: That is right.

Hon. Mr. Kerrio: No. There was a question about whether it was operating. How many megs are we pulling off that right now?

Dr. Higgin: Seven megawatts.

Hon. Mr. Kerrio: Seven megawatts, and we are hoping to get it up to 10. I have a picture here.

Mr. Allan: I think you should give that to the chairman.

Hon. Mr. Kerrio: Yes.

Mr. Chairman: It is very nice. Thank you.

Hon. Mr. Kerrio: There was a question about whether it was functioning and it is; as is London-Victoria. There is another initiative at Ford Motor Co.

Mr. Taylor: How many megawatts in London-Victoria?

Dr. Higgin: Five.

Hon. Mr. Kerrio: Five megs.

Dr. Higgin: It is July next year.

Mr. Taylor: So it is not functioning. Okay; what is the next one?

Mr. Pierce: It is under construction.

Hon. Mr. Kerrio: Ford Motor has been operating since 1985.

Mr. Taylor: Where is it operating and at how many megawatts?

Hon. Mr. Kerrio: At Oakville. How big is that plant, Dr. Higgin?

Dr. Higgin: The plant just produces steam for their own use and a little bit of electricity just to

run its own pumps and so on. It is just steam for the Ford plant. They burn mainly their own waste: packaging, pallets and that kind of stuff. It is rather small at 90 tons a day.

Mr. Taylor: What is the next one?

Hon. Mr. Kerrio: 3M in London will start its \$6-million plant in April 1987. I do not know how big that is. Is it one third of a meg?

Dr. Higgin: Yes, 300 tons a day of garbage. It produces electricity, again for their own use in the plant. It produces about three megawatts for their own use.

Mr. Taylor: We produce that much garbage at Queen's Park every day.

Hon. Mr. Kerrio: Good, clean stuff. It will burn without acid burners.

Interjections.

Hon. Mr. Kerrio: General Motors is going to start a \$10-million plant.

Some important initiatives—

Mr. Taylor: Excuse me. In other words, the only one that is really functioning is Chapleau, in a real sense; and Ford does some onsite recycling of waste for its own use.

Hon. Mr. Kerrio: Energy from waste does not specifically save electricity.

Mr. Taylor: I understand that.

Hon. Mr. Kerrio: The other thing I think is quite important is to look at some of the initiatives we are taking with the north. My ministry has put at anyone's disposal another \$6 million for joint ventures into energy from waste, particularly waste wood products. Those, I believe, are very important initiatives.

Mr. Taylor: Where is that?

Hon. Mr. Kerrio: It is just open. We are putting \$6 million there and we are looking for people who would participate in a program, the northern Ontario wood energy program.

Mr. Taylor: It is an invitation?

Hon. Mr. Kerrio: That is correct. We are very anxious not to just have government put money up to do these things. When we have the initiatives come from the other side, especially those who want to do some of the investing, we feel that kind of initiative is very important to succeed.

There was a question raised in the Legislature today about getting involved in some of these things. If the government puts in \$1.13 million, as we did with Eneroil, and the private sector puts in something like 10 per cent, I do not think that is a good way to go in the future in this province.

There has to be a commitment by those people who are going to run these things and manage them if they are going to go, so I think that is an important initiative as it relates to energy from waste.

There is some concern, and I guess we are going to be examining that to a further degree—

Mr. Taylor: That \$6 million that you have here is a budget item?

Hon. Mr. Kerrio: Yes.

Mr. Taylor: Has any of that been drawn upon?

Hon. Mr. Kerrio: I think that money could be from Northern Development.

Dr. Higgin: The money is in the Ministry of Energy budget.

Mr. Taylor: Where is it?

Dr. Higgin: It is on the transfer payment line, energy demonstration projects.

Mr. Pierce: How much is committed?

Mr. Taylor: Six million dollars.

Hon. Mr. Kerrio: Six million dollars.

Dr. Higgin: Not this year. That is a three-year program.

Mr. Pierce: It is \$6 million spread over a number of projects.

Hon. Mr. Kerrio: Yes. We are looking for people to come forward.

Mr. Taylor: Over the next three years.

Hon. Mr. Kerrio: Yes.

Mr. Taylor: Will you have \$2 million in each year?

Dr. Higgin: It does not quite work out that way because it is demand-written, as you would understand. This year we made an additional commitment to Chapleau, which is the only budget item this year so far, and we have a couple of other applications to the program pending. They will not involve any cash flow this year, though; it will be next year. So it looks as if the cash flow would be \$1 million in the first year and \$2 million or \$3 million in the second year, and \$2 million or \$3 million in the third; that kind of cash flow.

Mr. Chairman: How did you flow to the Chapleau project?

Dr. Higgin: We made an original commitment of \$2 million, and that was when the capital of the project was supposed to be just under \$10 million. As you realize, the project's capital cost went up considerably to about \$13.6 million and the provincial government, in order to salvage the project, at that point put in an extra \$1 million

and so did the federal government under the forest industry renewable energy program. The net amounts going in were \$2 million from the province and \$2.7 million from the federal government under the FIRE program, for a total of \$4.7 million.

Hon. Mr. Kerrio: The balance was Foster Wheeler?

Dr. Higgin: The balance, approximately \$9 million, was from Foster Wheeler.

Mr. Pierce: How do you gauge your participation, on what kind of a formula?

Dr. Higgin: The participation is based on a number of criteria. First, there has to be a minimum of one-third equity in the project from the private sector and then any debt financing they can obtain. There have to be long-term secure contracts for the wood waste and there has to be a good ownership structure than can survive operating problems; and there obviously has to be a good contract for the energy, whether it is power, steam or both. Those are some of the criteria.

Having got those in place, we do a discounted cash flow return-on-equity calculation, after-tax return on equity, and try to bring that into a range that is just marginal but attractive enough to the private sector, which would be in the range of 15 to 20 per cent after-tax return on equity. That is how the governments collectively evaluate the projects.

Mr. Pierce: I assume that Ontario Hydro would buy any excess power that is being generated.

Dr. Higgin: Chapleau, even in advance of the blanket announcement of the rate for 4.94, was

offered on a negotiated basis the 4.94 flat for 10 years. At the last round, when the project ran into trouble, the third leg that saved it was the offer of 4.94 buy-back rate plus the government money.

Mr. Taylor: Your news release came after that?

Dr. Higgin: No. That was a special deal that was negotiated.

Interjections.

Mr. Taylor: You made the deal there, so you had to increase the general rate to everybody else.

Mr. Chairman: I think this would be a good time to break. I remind members of the committee that on Wednesday, before we start the estimates, we will be dealing with the schedule of the committee vis-à-vis the plant shutdown issue and the Workers' Compensation Board issue.

Mr. Charlton: Mr. Chairman, can I move that Wednesday we have Hydro here and Thursday we have the Ontario Energy Board here?

Mr. Chairman: Is that agreeable to members? Wednesday we have Ontario Hydro. We have about three hours and 15 minutes left after today. That is not very much time. We will not finish it on Wednesday, so we will have Wednesday and a little bit on Thursday. It would be best to have Ontario Hydro on Wednesday when there is a little more time.

Agreed to.

The committee adjourned at 6:01 p.m.

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Gordon, J. K. (Sudbury PC)
Knight, D. S. (Halton-Burlington L)
Laughren, F., Chairman (Nickel Belt NDP)
McGuigan, J. F. (Kent-Elgin L)
South, L. (Frontenac-Addington L)
Taylor, J. A. (Prince Edward-Lennox PC)

Witnesses:**From the Ministry of Energy:**

Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
MacOdrum, I. B., Assistant Deputy Minister, Policy and Planning Division
Allan, D. M., Deputy Minister
Finlay, Dr. B., Nuclear Policy Adviser, Electricity Section
Higgin, Dr. R., Assistant Deputy Minister, Programs and Technology

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